

**Weekend**



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**Wine and chocolate CAN live together**

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NATO CHIEF WARNS BELGRADE THAT WEST WILL TAKE ACTION IN EVENT OF COUP AGAINST SMALL YUGOSLAV REPUBLIC

# Milosevic told not to intervene in Montenegro

By Neil Buckley in Brussels, David Buchan in London and Robert Wright in Skopje

Nato warned President Slobodan Milosevic yesterday it would intervene if he attempted a coup against his reformist opponents in Montenegro, Serbia's small sister republic in Yugoslavia.

The warning, from Javier Solana, Nato secretary general, came a day after Mr Milosevic replaced the military chief of the 2nd Yugoslav army in Montenegro with a Belgrade loyalist.

A coup would add a further political setback to the military problems the alliance is encountering in its air offensive, now in its 11th day.

Tanjing, the official Yugoslav news agency, reported yesterday that the Belgrade authorities were gathering

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- Yevgeny Primakov, master of the mood Page 7

evidence to bring "criminal proceedings" against the three US soldiers, seized by Serb troops after a fight on the Macedonian border and pictured on Thursday on Serbian television. One of them looked cut and bruised.

President Bill Clinton has said the US would hold Mr Milosevic personally responsible for the soldiers' safety.

Washington has protested at Belgrade's plans to put the men on trial, saying the soldiers should be accorded

prisoner of war status under the Geneva Convention. In an attempt to draw Russia further on to its side in the conflict, Yugoslavia said it was ready to hand over to Russia parts of the US stealth F-117 fighter which crashed over Yugoslavia last Saturday.

Mr Solana said the alliance had "plans to stop" any attempt to unseat Milo Djukanovic, the Montenegrin president who won election last year in the face of Mr Milosevic's opposition. Madeleine Albright, US secretary of state, also telephoned Mr Djukanovic with her support yesterday.

Nato said it was trying to meet Montenegro's request to be spared attacks by limiting its strikes there to vital parts of Yugoslavia's integrated air defence. A minister of the Djukanovic gov-



An exhausted refugee after waiting for 38 hours without food to reach Albania. Picture: AP

ernment said there was "no reason to panic".

Nato air strikes recorded only modest success yesterday, hitting targets in Klina in western Kosovo and a military barracks at Vranje in central Serbia, but, according to Tanjing, missing a television transmitter near Prizren in south west Kosovo.

Nato officials said poor visibility continued to ham-

per the bombing, though the destruction of fuel dumps was immobilising some Serb units.

The Serbs' campaign to defeat the Kosovo Liberation Army (KLA) guerrillas and drive out other ethnic Albanians was now concentrated in a triangle stretching from Pristina, the Kosovo capital, towards Pec, the second city, in the west, and Prizren. Some 30,000 people had been

rounded up and forced to leave Pristina within the past 24 hours, a Nato official said.

Nato expressed mounting concern over the mass disappearance of large parts of Kosovo's male population, and said it had reports that some men may be being used as human shields. But the alliance continued to rule out sending ground troops into Kosovo.

# Yeltsin hits back at challengers by sacking top legal official

By Andrew Jack in Moscow

Boris Yeltsin, the Russian president, summarily dismissed his prosecutor general yesterday in an attempt to hit back at his challengers.

Citing a sex scandal and unspecified criminal allegations, Mr Yeltsin fired Yuri Skuratov by decree. The decision was condemned by the Duma, the lower house of parliament, as unconstitutional, and rejected by Mr Skuratov.

Mr Skuratov's departure would probably put an end to corruption investigations into members of Mr Yeltsin's family and entourage. It might also strengthen the bargaining position of Yevgeny Primakov, the increasingly powerful prime minister.

In public, Mr Yeltsin and Mr Primakov have stressed their solidarity, but there have been signs of conflict as the prime minister has sided with the Communists, who have been pressing for the president's impeachment.

The split could widen after leaders of the Commonwealth of Independent States, the group of ex-Soviet countries, yesterday formally dismissed Boris Beresovskiy, the self-styled business "oligarch" who was close to Mr Yeltsin's family and helped bankroll his 1996 re-election campaign.

Mr Primakov has made no secret of his contempt for Mr Beresovskiy, and Mr Skuratov has in the past few months targeted for investigation a number of compe-

ties widely believed to be connected to him - as well as into those said to be linked to Mr Yeltsin.

Under what he subsequently claimed was political pressure, Mr Skuratov announced his own resignation in February. His resignation was rejected by the Federation Council, Russia's upper house of parliament. He resisted quitting even after ETR, a state-owned television station linked to Mr Yeltsin, broadcast a videotape showing Mr Skuratov in bed with two women.

President Yeltsin's decision to sack Mr Skuratov by decree has created an unprecedented legal position that is unlikely to go unchallenged. The Federation Council is to rule at the end of this month on whether the action is constitutional.

Mr Skuratov has rejected the validity of the criminal case mentioned by the president. In a warning shot on Thursday, he also indicated in a television interview that he had opened an inquiry into the illegal transfer of money into Swiss bank accounts by a number of well-known Russians.

It is unclear whether Mr Beresovskiy's influence has come to an end, either. Mr Yeltsin last month called for him to be sacked, before firing Nikolai Boruzba, his own chief of staff, in a move linked to the failure of the campaign to discredit Mr Skuratov. But the president appointed in his place Alexander Voloshin, said to be close to Mr Beresovskiy.

Men in the news, Page 7

# Soldiers' capture brings home reality of Kosovo

By Nancy Dunne in Washington

Americans have brought out the stars and stripes - and indeed the yellow ribbons - in response to images of three bruised and shaken US soldiers, flashed around the world on Thursday.

Before Serb troops seized the soldiers, most Americans had only just begun to come to terms with the bombings in Yugoslavia; some were still trying to locate Kosovo on the map and staring at

television screens full of the heartbreak of refugees.

But the capture drove home the reality of the war in much more dramatically than the rescue of an unidentified US pilot, downed earlier in the Nato campaign, or footage of aerial bomb damage.

"My family is praying for your family and the rest of the families over there, especially the ones that are captured," said one message posted on the internet to the

wife of a soldier stationed in the Balkans.

Yellow ribbons were used for helpless US hostages in Iran in 1979.

But Americans no longer see the US as a powerless giant, held in check by the once-mighty Soviet Union or the growing strength of China.

Having grown accustomed to air strikes since the war with Iraq, Americans paid little attention to Kosovo at first. They began to get seri-

ous when confronted with the faces of captured soldiers. Requests for information about the history of the conflict has flooded in to talk shows over the last 48 hours.

One survey, taken on America Online, found 55 per cent in favour of air bombardment, but demands for the introduction of ground troops have also begun to increase.

"I think it is time to show these idiots in Kosovo what

kind of technology the US really has," said one message posted on the internet. "It's time to take action beyond just the bombings. You mess with our troops, you mess with death."

Said another: "I am in the Army and I would gladly go and fight... I am tired of hearing about all the suffering that is happening in Kosovo, and I say send us in."

One internet message urged a letter-writing campaign to Congress because

"Clinton is getting us into another Vietnam... just like the situation he ran away to hide from and petitioned against."

A caller from Florida to C-Span, the congressional television network, insisted: "This is an internal matter with these people. We don't belong there." Another told a Serbian-American spokesman: "I'm really sorry we're bombing this country. I don't see where bombing solves anything."

## News General

### US jobless lowest for 29 years

The US unemployment rate dropped to 4.2 per cent in March, the lowest level for 29 years, despite slowing growth in jobs, the US Labour Department said. Most new jobs were in the services sector. Manufacturing employment fell by 35,000, propelled by low-cost imports from Asia. Page 4

**German businesses condemn 'bureaucratic monster'**  
There is growing anger in Germany at the new centre-left government's legislation introducing complex controls on low-paid staff. It is, says Hans-Olaf Henkel, president of the German industry association, "a bureaucratic monster". Page 2

**'Road clear' for Northern Ireland power sharing**  
Mo Mowlam, the UK's chief minister for Northern Ireland, said the "road was clear" for the region's power sharing executive to be set up. The latest government initiative includes a 10 day "pause" for reflection before the parties return to negotiations on April 13. Page 6; Editorial Comment, Page 6; Keeping hope alive, Page 7

**Demand grows for checks on herbal remedies**  
With growing numbers of people taking herbal remedies, calls are growing for products to be regulated. Public health officials believe the good should be separated from the harmless and the positively dangerous in a business with US sales of \$15bn a year. Page 7

## Profile

Sir John Browne, takeover king of the oil industry, pulled off his second huge deal in several months when he announced BP Amoco's planned \$27bn purchase of Atlantic Richfield this week. He is transforming BP into a truly global energy giant. Page 7



## News Business

### Mannesmann in \$1.2bn deal

German telecommunications and engineering group Mannesmann strengthened its position in European telecoms by agreeing to pay DM2.25bn (£1.15bn, \$1.23bn) for the fixed-line business of Otelo, a company jointly owned by the utilities Veba and RWE. The acquisition reinforces Mannesmann's position as number two in the German telecoms market. Page 24

**Deadline for potential Crédit Lyonnais investors**  
Potential core shareholders of Crédit Lyonnais are to submit their bids before the end of the month, under final terms for the French bank's privatisation in June. Once the exact pricing is set they will have only an hour to retract their bids. Page 23

**Top Chinese state company 'fails to pay wages'**  
Capital Iron and Steel, one of China's biggest and most prestigious socialist-era state enterprises, has failed to pay tens of thousands of its workers for more than two months, union leaders said. Page 4

**Yahoo! plans to introduce personal broadcasting**  
Internet company Yahoo!, which has acquired Broadcast.com, distributor of audio and video over the internet, wants to offer every Yahoo! user the ability to become a personal broadcaster, able to put a wedding video or a musical recording, for example, on web pages. Page 23; Lex, Page 24

## New FTSE classifications

The Financial Times today publishes new share classifications which will allow investors to make global comparisons of share performance across sectors - a factor becoming increasingly important as markets become global. Details, Page 24

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Company	Price	Change	Company	Price	Change
Alcatel	120.00	+1.00	British Airways	120.00	+1.00
Alstom	120.00	+1.00	British Petroleum	120.00	+1.00
Amgen	120.00	+1.00	British Telecom	120.00	+1.00
Amgen	120.00	+1.00	British Telecom	120.00	+1.00
Amgen	120.00	+1.00	British Telecom	120.00	+1.00

JANCO 150

WORLD NEWS

It may be Hallo Pizza but it's goodbye, Schröder's takeaway

A company has imposed a delivery service 'house ban' on the German chancellor because of legislation imposing controls on

Gerhard Schröder ever wanted to forget his political problems by indulging in an Italian takeaway. Hallo Pizza, a delivery service with 89 branches across Germany, is one company he should definitely not ring.

This is because Axel Fassbach, its founder, has imposed a "house ban" on the chancellor, even though it is not a sanction Mr Fassbach would normally impose on a customer. Until last September's general election, he was steadily building the chain, adding a new branch each month. Hallo Pizza logos on the collar, he is not ashamed to wear a pizza tie.

But Hallo-Pizza is facing the biggest crisis in its 10-year history and Mr Fassbach says the chancellor is largely to blame. The cause is the new centre-left government's legislation introducing complex - and according to many companies unacceptably expensive - controls on low-paid staff working a few hours a week.

Hallo Pizza, based in Wittlich, outside Düsseldorf, reckons 40 per cent of its staff could decide it is no longer worth working for the group, undermining its attempt to bring a fast-food

'house ban' on the German chancellor low-paid staff, writes Ralph Atkins

service culture to German doorsteps. "People will ring up and say: 'Can we have a pizza?' and we will have to say: 'Yes, perhaps, in two hours'. The customer will say: 'Forget it,'" says Mr Fassbach.

The law was an attempt by the government to clamp down on jobs paying DM630 (€323, \$346) or less a month, which were not liable to social security contributions. Companies, in Bonn's eyes, were deliberately creating "DM630 jobs" to avoid paying the high non-wage labour costs associated with normal wage contracts.

Perhaps as many as 3m people were employed exclusively on a DM630 basis. Employers just had to deduct a simple, flat-rate 22 per cent tax. That, the government argued, undermined the creeping, pay-as-you-go state social security system, a fundamental part of Germany's post-war consensus society. Its answer was to drop the 22 per cent flat-rate tax but make DM630 jobs liable to social security contributions of an equivalent size. It seemed an innocuous solution.

But businesses such as Hallo Pizza soon spotted problems. For a start, some low-income workers had

been able to claim back the 22 per cent tax, now there is no alternative to a social security levy.

Worse, those in DM630 jobs are liable to pay tax if they have income from other sources. So someone with a full-time job (or an inheritance paying interest) but seeking to earn extra money from part-time work could be hit by tax rates of as much as 50 per cent.

Companies now have to spend time and money checking the financial status of employees. Hallo Pizza reckons it will need one full-time administrator per 50 employees.

The baffling rules are hardly an incentive to invest in service industries such as pizza deliveries, where foreign companies have had difficulties making headway.

Hallo Pizza, like in Germany's never-simple labour and tax laws, points out the almost comical anomalies. It could employ only high earners, whose income is already above the ceiling for social security contributions. Or it could take on civil servants, who are exempt from paying the health insurance contributions.

But Germany's industry associations, already embittered by the government's

tax reforms closing many loopholes for businesses, are scathing in their criticism.

As well as the catering sector, the law will hit office cleaning and newspaper distribution services. It is, says Hans-Olaf Henkel, president of the German industry association, "a bureaucratic monster".

To industry, the new law sets back attempts to increase labour market flexibility (not to mention discouraging a service culture).

Andreas Otnad, economist at the Bonn-based Institute for Economic and Social Research, points to a more fundamental problem. The government, he says, is encouraging a vicious circle.

"The increase in labour costs is pushing up unemployment, which means that those in employment have to pay higher social security contributions, which increases labour costs still further."

Previously, companies could control labour costs by employing staff on a DM630 job basis. With the government apparently bent on restricting that possibility, the incentive to shed labour, or transfer operations abroad, will grow.

Another option, would be to employ "black market"



Axel Fassbach: he's not ashamed to wear a pizza tie

being the gentlest of hints that it might revise the DM630 job law. But that could change. "I don't think the government realises how many tens of thousands of jobs will be lost," says Mr Fassbach.

Soon, the government moves to Berlin. There, Hallo Pizza has 12 branches.

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Brittan in trade talks call to Malaysia

By Sheila McNulty in Kuala Lumpur

Sir Leon Brittan, acting European Union trade commissioner, urged Malaysia yesterday to support a new round of World Trade Organisation negotiations in November, if only to bring its concerns to the table.

"Some developing countries have expressed concern that the last international agreement, concluded in the Uruguay Round, produced an unbalanced result. So why should they be in for a

new trade round?" he said. "If that criticism is justified, the only way to put it right is through a new round of negotiations."

Malaysia, Indonesia, India, Pakistan and Egypt are round of World Trade Organisation negotiations in November, if only to bring its concerns to the table.

domestic economy.

He noted that Malaysia's economy had benefited from liberalisation. "The strong economic growth which Malaysia has enjoyed in recent decades has been fuelled by the growth of trade, foreign investment and the pursuit of outward-oriented economic policies," he said. "The recent economic crisis afflicting the country and the region should clearly not lead to the abandonment of policies that served well in the past."

A background note

released by Sir Leon delegation said Malaysia had implemented a broad range of import restrictions amid the crisis, including an increase in tariffs on certain products since October 1997.

According to Malaysian authorities it has increased amounts to about 1.5 per cent in trade-weighted terms, bringing the country's trade-weighted average tariff to about 9.5 per cent.

The 1998 budget contained incentives for advertising local products and exports that could be disputed in

terms of compatibility with the General Agreement on Tariffs and Trade.

Malaysia also imposed controls in September to isolate itself from volatile international financial markets, although it recently relaxed some of them. "The relaxation of capital and exchange controls in recent months has been particularly welcome, but progress in key areas such as corporate debt restructuring and bank reform deserve greater focus," Sir Leon said.

Mahathir files 'slander' defence

By Sheila McNulty

Mahathir Mohamad, the Malaysian prime minister, has filed his statement of defence in response to the M\$100m (US\$26.3m) defamation suit brought by Anwar Ibrahim, the deputy whom he sacked, the national Bernama news agency said yesterday.

Mr Anwar accused Dr Mahathir of slandering him in a news conference last September when he detailed sexual misdeeds Mr Anwar had allegedly committed. Dr Mahathir said the words were published in his capacity as prime minister on an occasion of qualified privilege. They were published with an honest belief in the truth of the words, he added, and were not made recklessly. He denied they were calculated to disparage Mr Anwar.

Dr Mahathir said he uttered the words when asked why he had dismissed Mr Anwar. He denied speaking them because he knew they would be published, but rather said he wanted his reasons for dismissing Mr Anwar to be known. Dr Mahathir asked the court to dismiss the suit against him with costs.

Mr Anwar has until April 5 to reply, otherwise the prime minister will have the right to file an application to strike out the writ of summons and the amended statement of claim.

Mr Anwar, who was sacked on September 2, was later charged with five counts of sodomy and five counts of abusing his power to conceal the alleged sexual misdeeds. The High Court is to deliver its verdict on the first part of the case - four counts of allegedly abusing power - on April 14. The other charges have yet to be heard.

He clearly believes that the FIS, which had been set to win a parliamentary majority in the aborted 1992 elections, has a role to play on the political scene.

"Did the legal ban of the FIS put an end to its real existence on the ground as a political, social and electoral force? Of course not," he said.

"This is the main reason why the regime is trying to find a substitute to the policies of exclusion followed unsuccessfully until now."

But he said the rehabilitation of the FIS should not be seen as the issue in this election.

"It is simply being used as a tactic to turn me into a scarecrow and demote my candidacy... The thrust of the crisis is about the nature of the regime in the future and the guaranteeing the regime will be willing to give to ensure a real, definite and, above all, peaceful transition."

POUND SPOT FORWARD AGAINST THE POUND

Table with columns: Country, Closing rate, Change, Bid/offer spread, Day's bid/offer, High, Low, One month rate, Three months rate, One year rate, Bank of England rate.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Table with columns: Country, Closing rate, Change, Bid/offer spread, Day's bid/offer, High, Low, One month rate, Three months rate, One year rate, Bank of England rate.

Top Algerian candidate warns on fraud

By Roula Khalaf

A leading candidate in Algeria's April 15 presidential election warned yesterday that a poll marred by fraud would aggravate the violence that has gripped the country since 1992.

Ahmed Taleb Ibrahim, the former government minister likely to attract the largest proportion of the Islamist vote, said in an interview with the Financial Times that he believed the Algerian regime, faced with the inability to solve the crisis through the use of force, was ready to move towards a political solution.

He said the idea of reconciliation had matured and taken root within a majority of the population, and even within the Algerian army.

But because the regime was not a "homogeneous entity and 'residual' elements within it did not have a reassuring vision of a future they no longer controlled, it could be tempted to impose a candidate or rig the election.

"This election is a turning point in the country's history," he said. "I hope dubious hands do not change the course of history and... re-rupture Algeria into an ocean of terror and violence."

Mr Ibrahim's candidacy has gained attention in the banned Islamic Salvation Front (FIS) are backing him, in an attempt to end their political marginalisation. This backing, however, is also being used by anti-Islamists to brand him as the man who embodies Islamic dangers.

Mr Ibrahim is not an Islamist. But he is part of the conservative wing of the National Liberation Front (FLN), the former ruling party, and he held ministerial portfolios under the Boumedienne regime in the 1960s and 1970s. As the son of a co-founder of Algeria's association of *ulemas*, or religious leaders, he has always commanded the respect of Islamists.

With seven candidates running in the first round of the election, observers say one likely scenario is a sec-

Top Algerian candidate warns on fraud

ond round contest between Mr Ibrahim and Abdelaziz Bouteflika, the former foreign minister seen as the favoured candidate of a large section of the regime.

Mr Ibrahim focuses on the need to end the bloodshed and on the idea that repression has only served to exacerbate violence.

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NEWS DIGEST

PRESIDENT BACKS RAIL DEVELOPMENT

Chirac honours dead in Mont Blanc disaster

Jacques Chirac, French president, yesterday laid a wreath for some 40 people who died in the Mont Blanc tunnel blaze and urged rapid development of "piggyback" rail transport. The fire, on March 24, started in a truck and trapped another 20 trucks and 11 cars in the 11km link between France and Italy.

"It is not sensible to have so many trucks on road axes, including in tunnels like this one," Mr Chirac said after laying a wreath at the mouth of the tunnel. "It is important to make piggyback rail transport a priority." The system, under which truck trailers are placed on trains, has long been a main demand of the Green party in France, where most goods move by road.

Mr Chirac said he had asked European Union leaders to speed up construction of a railway tunnel along the route between Lyons and Turin under the Alps as an alternative to road tunnels. Reuters, Les Houches

CROSS-STRAIT LINKS

Taipei offer to Beijing

Taiwan yesterday offered to send a team of officials to China this month to push forward preparations for an unprecedented visit by Beijing's top Taiwan affairs negotiator, Jan Jyh-hong, deputy secretary-general of the Straits Exchange Foundation (SEF), said he was ready to travel to Beijing at the end of April for talks he hoped would fix a date for the visit by Wang Daohan, head of China's Association for Relations Across the Taiwan Strait. China agreed last month that Mr Wang would travel to Taiwan in autumn but refused to set a date. The visit would be a symbolic continuation of contacts that led to an equally unprecedented trip to the mainland by the head of the SEF last year.

Recent talks between the foundation and the mainland association have made clear the gulf between the two sides, with Beijing eager for progress toward reunification with what it considers a rebel province and Taipei determined to focus on more practical issues. The SEF said in a letter to its mainland counterpart that other officials would travel with Mr Jan to hold talks on the repatriation of criminals and other problems. Mure Dickie, Taipei

INDONESIAN BANKS

Executives banned from travel

Indonesia has banned 172 executives of ailing banks from travelling abroad while the finance ministry checks the banks' assets and liabilities, the official news agency Antara reported yesterday.

Indonesia, battling with its worst economic and political crisis in decades, last month closed 38 debt-laden banks it judged to be in too much trouble to be saved by its bank rescue programme. The banned executives or their banks were not named but government officials said the list was separate from another list of bankers the finance ministry is in the process of seeking to have banned from travel. Reuters, Jakarta

KENYAN POLITICS

Moi reappoints vice-president

Daniel arap Moi, Kenyan president, yesterday said he was reappointing as vice-president the man he demoted 15 months ago, filling a vacuum in the post. George Saitoti, 55, served as vice-president under Mr Moi for nine years until the last general elections, which Mr Moi won, in December 1997. Since then the post has been vacant. Under Kenya's constitution the 74-year-old president, in power since 1978, is due to step down in 2002 after his fifth term as president.

Mr Saitoti, a wealthy businessman and a former mathematics professor, served as finance minister from 1983 to 1992, at a time when Kenya's economy was in decline and inflation was soaring. In 1991 the International Monetary Fund halted vital balance of payments support to reinforce its protest against mounting corruption. Reuters, Nairobi

LOCKERBIE BOMBING

Handover seen as imminent

Britain said yesterday it had a "strong indication" that a long-awaited handover of two Libyans suspected of carrying out the 1988 bombing of a US airliner over Lockerbie in Scotland was imminent.

"There is a strong indication the handover could take place over the weekend, certainly within the next two or three days," Donald Dewar, Scottish secretary, told reporters. "We are preparing on that basis. It is not within our power to dictate when it happens, we just need to wait and see."

Libya has promised to hand over the men by April 6 to a makeshift Scottish court at Camp Zeist, a converted Dutch military base near Utrecht. The UK has already sent some 100 Scottish justice officials, including police and prison officers, to the Netherlands.

The trial is taking place under Scottish law as the airliner was blown up over Scotland. Eleven people died in the town of Lockerbie, in addition to all 259 people aboard the airliner. Reuters, Edinburgh

THE ALL ENGLAND LAWN TENNIS GROUND plc ("Company") £2,000 nominal debentures 1996/2000 Series ("Centre Court Debentures") £1,500 nominal debentures 1997/2001 Series ("No. 1 Court Debentures")

هكذا من الراجح



KOSOVO CRISIS

REFUGEES FLOOD BORDERS MILOSEVIC ACCUSED OF TRYING TO DESTABILISE NEIGHBOURING COUNTRIES

Albania and Macedonia in appeal for aid

By Stefan Wagstyl in Tirana and Robert Wright in Skopje

Albania and Macedonia yesterday made urgent appeals for international aid, warning they could not cope with the growing flood of refugees pouring across their borders with Kosovo.

Mr Shea estimated 36,500 refugees had crossed the borders in the last 24 hours, up from 21,000 in the previous 24-hour period. An estimated total of 694,000 people had now been displaced from their homes in Kosovo - a

third of the pre-war population. Nato ordered its troops in Macedonia to help ease the plight of Kosovo refugees, but there was evidence of impatience and unhappiness with the western response to the crisis from the Albanian and Macedonian governments.

Daan Everts, head of the Organisation for Security and Co-operation in Europe (OSCE) mission in Tirana, said on return from Kukes: "You have a sense of the place being overwhelmed by events."

international aid effort for the 42,000 ethnic Albanian refugees now officially estimated to be in the former southern Yugoslav republic. Thousands more are waiting to cross the border, held up by slow border checks.

not cope with the problem on its own and its difficulties in dealing with the crisis were a disgrace to the international community, not to Macedonia. "This is not our war," he said, before snapping at a Swedish journalist: "Send 100 aeroplanes to Skopje airport and transport the refugees to Stockholm".

for the UNHCR, said it was difficult to establish this leadership when Albania had also agreed bilateral aid accords with individual countries, such as Italy. Italy has responded to the crisis fastest. Two navy ships have already brought supplies - including tents, vehicles, medical equipment and food. A third is due today and a fourth tomorrow, when Massimo D'Alema, prime minister, is expected to visit Tirana.

Belgrade 'to hand Stealth parts to Moscow'

By Our International Staff

There was growing potential for friction over the conflict in Kosovo between the US and Russia yesterday, after Belgrade said it was ready to hand Moscow parts of the US F-17 Stealth fighter that crashed in Yugoslavia last week and a Russian reconnaissance ship set sail for the Mediterranean.

Pavle Bulatovic, Yugoslav defence minister, said he was ready to give parts of the top secret radar-evading aircraft to members of a delegation from the Russian parliament. They could take the parts back to Moscow for use in "military and scientific institutions".

It was not clear whether Belgrade expected to receive anything in return for the aircraft parts. Russia has said it will not intervene in the conflict in Yugoslavia directly, but has made clear its categorical opposition to Nato air strikes.

Yesterday Russia sent a reconnaissance ship, the Liman, to monitor the conflict from the Mediterranean, where some of the Nato sorties are being launched.

"This ship will act only in the interests of national security," said Igor Ivanov, Russian foreign minister.

Igor Sergeev, defence minister, has said Russia could later send a further six ships to the Mediterranean. These comments worried the US but, with the Russian navy and armed forces chronically underfunded and in disarray, the gunboat diplomacy is largely symbolic.

Moscow decided to send the reconnaissance ship after the failed attempt at brokering a peace deal between Belgrade and Nato by Yevgeny Primakov, Russian prime minister, on Tuesday. Mr Primakov had six hours of talks with Slobodan Milosevic, Yugoslav president, but Nato immediately rejected the president's proposals.

Tansu Ciller, the former Turkish prime minister, nevertheless told a party rally ahead of April 18 elections in Turkey that the government in Ankara should block the Bosphorus to prevent the ship getting out of the Black Sea. "These ships are not going to help our Moslem brothers in Kosovo. I call on [Bulent] Ecevit [the caretaker prime minister] not to allow them passage," she said. Under a 1936 treaty Turkey is prohibited from blocking the strait unless at war.

The Liman is due to pass through the strait today or tomorrow.

Airlines report 'minor' flight delays

By Charles Stebbins, Transport Correspondent

Flights to destinations in the eastern Mediterranean are suffering delays because of the need to fly round exclusion zones in the Balkans, according to airlines.

British Airways said it had dropped Belgrade from its list of destinations and was experiencing "minor delays" to Athens and Venice.

Holiday companies have made no plans to alter their programmes to take account of hostilities in former Yugoslavia, but this situation could change when the main holiday season begins in May. Companies operating in the region said they had been able to reassure customers that holiday destinations were not affected as they were not close to the fighting.

The timing of the start to the main holiday season in the Balkans has meant holidaymakers can delay a decision on whether to cancel. Cancellations would not be covered by holiday insurance.

The Foreign Office has warned people to avoid border areas in Croatia, which is the main tourist destination in former Yugoslavia. Thomson, the tour operator, which sends its first party of tourists to Croatia on May 4, said most resorts were away from the border.

Thomson Breakaway, which organises city breaks and holidays in the lakes and mountains, said it had started a winter skiing programme in Serbia in 1997-98 but had cancelled this programme before Christmas because of concerns about the worsening situation in the region.

It has no plans to alter its winter programme of holidays on Lake Bled in Slovenia and on the Croatian coast, including Dubrovnik.

Balkan Holidays, an independent operator, which takes 60,000 people a year to Bulgaria, Croatia, Romania and Slovenia, said it had received calls from worried customers. "But they are happy to give it a little more time to see how it pans out," said Carl Seyonias, customer services manager.

RD River Cruises, which operates cruises on the Danube, said its season did not start until the end of April but it did not envisage problems unless fighting escalated.

Guard, the cruise company, said there had been no cancellations but it had the option of rerouting ships away from the Adriatic if fighting was continuing when its summer season started.

The dispossessed of Kosovo only have thoughts for kith and kin

As accounts of massacres circulate, Stefan Wagstyl reports on the fears of refugee families split by the conflict - particularly those with relatives left behind

Akile Piliurka, a Kosovo Albanian refugee, has not seen her two young daughters for a week. "I want my children back. No one can feel what a mother feels for her children."

She was separated from the girls, aged one and four, last Sunday when Serb militiamen forced the family at gunpoint from their home in the town of Pec.

Her brother was allowed to leave by car with the children, while Mrs Piliurka and her husband were herded with hundreds of others on to trucks. She had assumed they would all be taken away together to the Albanian border but she had to watch in horror as she saw her brother forced to take the road north towards Montenegro.

"I trust my brother. But I cannot stand this. My little girl was still feeding at my breast," said Mrs Piliurka yesterday, speaking outside a tent in a refugee camp.

Once safe, out of range of Serb rifle fire, the refugees' biggest concerns are for their relatives.

Kosovar Albanians live in extended families of 20 or 30 people, so even those who have arrived in the company of their closest kin are desperate for news of other relatives. Aid workers try to help by compiling lists of missing persons, which are passed from camp to camp and broadcast in radio programmes. But it is an awesome task, with 150,000 refugees already in Albania and more arriving hourly.

The most worried are those who left relatives behind in Kosovo. With accounts of massacres circling the camps, they fear the worst.

Among them is Urin Zafriq, a 21-year-old economics student, whose father, a wealthy former factory director, stayed behind in Pec to guard the family home.

"I'm very worried. Arkan Sheshev [the Serb paramilitary leader whose followers are accused of particular brutality] is killing people in so many places."

In fact evidence from interviews with refugees from the towns of Pec, Prizren and Pristina, as well as from nearby villages, suggests the Serbs' main aim has been expulsion not extermination. While many talk of massacres others have seen, few people have themselves witnessed killings.

Nevertheless, the many murders which have occurred have thoroughly terrorised the population. In Bilacaj village, near Prizren, a 30-year-old farmer named Qerim Goshi says he hid in nearby woods when Serb gunmen arrived.

He heard shooting and when the Serbs left he returned to find about 70 villagers dead, including women and children. His account was impossible to verify yesterday but it echoes similar reports of localised killings elsewhere.

Hoti Shekret, a 55-year-old farmer from Rugova village, in southern Kosovo, says



A Kosovar woman screams as refugees clamour for bread supplied by the Red Cross at the Macedonian border yesterday

that, as hundreds of villagers were herded on to trucks to be driven away, Serb gunmen pulled four youths from the crowd and shot them as suspected Kosovo Liberation Army (KLA) members.

Almost all refugees saw the wholesale theft or destruction of their property. Witnesses told how Serbs set fire to their homes after removing televisions and other valuables. It happened to Mr Shekret, who spent 10 years working in Switzerland before investing in a

farm in his ancestral village. "Everything I worked for, my house, my tractor and my lorry, was burnt."

Mr Shekret is by no means the only refugee to have travelled abroad. While some older women walk around the camps in traditional folk

grateful for the kindness they have received from their hosts, many of whom have taken Kosovars into their homes. But it is easy to imagine how these guests could soon prove difficult for poverty-stricken Albanians to satisfy.

hard to say. Safedin Muqaj, a 19-year-old from Pec, says he will join even if his parents object. "We must win back Kosovo," he says.

None can imagine living again under Serbian rule. They want an independent Kosovo and they want Nato to fight for it. Most swear they have no plans to flee to the west - but it is early yet. With his experience of Switzerland, Mr Shekret says political asylum in western Europe might be the best option.

However, few are thinking so far ahead. Like Mrs Piliurka they have more urgent concerns on their minds as they try to piece together their families - and their lives. "How can I think of anything except my children?" she asks.

PRAGUE CRITICISED A WISH TO FIND SHELTER UNDER DEFENCE UMBRELLA BUT NOT GET INVOLVED, SAYS ENVOY

Czechs caught out by Nato campaign

By Robert Anderson in Prague

The Czech government has been caught off guard by the Nato campaign against Yugoslavia. Its ambivalent response has been widely criticised by the media, political opponents and even its own ambassador to Nato.

The Czech stance is viewed in Brussels as politically immature. Karel Kovanda, the envoy, told Czech radio this week. "There is a wish to find a defence umbrella but at the same time not to get involved in the defence of others."

The Czech government, which joined Nato only two weeks before the air strikes began, has initially appeared divided and only grudgingly in favour of the Nato action.

In the face of strong criticism of the air strikes in the Czech parliament, notably from Vaclav Klaus, the former prime minister, the minority government at first disclaimed responsibility by saying the decision had been made before the country joined Nato.

Later Milos Zeman, the prime minister, said he preferred a diplomatic solution but that the country had

agreed with the air strikes in order to fulfil its Nato obligations.

"We do not want to behave like primitive progodytyes [primitives] who assume everything can be achieved by bombs," Mr Zeman said. He warned that "strengthen and not weaken the position of an autocrat like Milosevic".

The Czech Republic has so far pledged a transport aircraft and a field hospital to the Nato mission and yesterday it finally allowed armed Nato aircraft to use its airspace. By contrast Slovakia, which was left out of Nato,

immediately invited Nato to use its airspace.

The Czech government's cautious attitude reflects the national mood. There was less enthusiasm for joining Nato than in the other recent entrants, Poland and Hungary.

This was because the country lacks a strong military tradition and has had a disastrous experience with defence pacts, notably when the UK and France allowed Hitler to carve it up in 1938.

There is also popular sympathy for Yugoslavia, where Czechs have traditionally taken their holidays, and a

bond, as both are Slavic countries created by the fall of the Hapsburg empire in the first world war.

With the unanimous response yesterday to Nato's request for overflights, the government appears finally to be swinging firmly behind the Nato action.

Michael Zantovsky, opposition chairman of the Senate foreign affairs committee and a former ambassador to the US, commented: "It has been a very rapid learning experience about what our membership entails. We are now a little bit wiser for the experience."

Yugoslav soccer stars face first big test of loyalties

By David White in Madrid

Thousands of Milosevic supporters in north-east Spain are waiting to see if their man puts in an appearance on Easter Day. That is not Slobodan Milosevic, the Yugoslav president, but Savo Milosevic, striker for Zaragoza football club and a Yugoslav international.

It remains uncertain whether he and other soccer stars will boycott their teams, responding to a call from the Yugoslav football federation.

This weekend, the first matches in Spanish first-division soccer since Nato began bombing Yugoslavia 10 days ago, will be the test

mixed with football." In Italy, Yugoslav players have accepted the message. But the Spanish-based sportsmen are still dithering about whether to play.

Pedja Mijatovic, darling of European champions Real Madrid and a standard-bearer of the boycott movement, insists: "We are not capable of playing while our country is being bombed."

Other Yugoslav players are scattered around Europe, from Rome to Sheffield. A dozen play in the German league, four in England. Vladan Lukic, a forward at Metz, the French first-division club, has decided to go home to fight.

Uefa, European soccer's governing body, has taken a firm stance, while sympathising with players' anxieties. "Politics should not be

fielder. Igor Gluscevic, at second-division Sevilla, initially resisted the boycott.

"I'm a footballer and I have to play football," he said before last Sunday's match.

But then he did not play, the team lost, and his club opened disciplinary proceedings against him. Others have questioned whether they can help anyone by not playing.

The players' hesitation is symptomatic of the peculiar state of semi-war that now exists with Yugoslavia. Spanish intelligence is reported to be watching the players but they are not treated as enemy aliens. Mijatovic, Milosevic and



Savo Milosevic (centre) has been asked to boycott his Zaragoza team by the Yugoslav football federation

several others figured prominently in a demonstration outside the US embassy in Madrid last weekend behind a Yugoslav flag. "Why did the international

stars never speak out before about the region's conflicts?" Agim Xhafer, a Kosovo Albanian playing for Nelda, a third-division Spanish side, asked.

Financial data tables with columns for 'Price for electricity generated by the purchase of the electricity generating and...'. The tables contain numerical data for various categories and time periods.



## INTERNATIONAL

CAPITAL IRON AND STEEL OVER-SUPPLY AND COMPETITION CAUSE PAYROLL CRISIS AT STATE-OWNED GROUP

## Chinese steel workers 'are unpaid'

By James Kyngie in Beijing

One of China's biggest and most prestigious socialist-era state enterprises, Capital Iron and Steel in Beijing, has failed to pay tens of thousands of its workers for more than two months, union leaders said yesterday.

The payroll crisis at the company, which has more than 230,000 employees, highlights the risks to social stability from the rapidly deteriorating performance of China's vast state-owned industrial sector.

"About 20 per cent of our workers have not been paid, some for the last six months but most for about the last

two months," said a trade union leader at the company, which is also called Shougang.

"The company is not servicing most of its debts and the banks are unwilling to lend to us. Under these circumstances we definitely cannot guarantee that we will be able to pay salaries for the rest of the year," the union leader told the Financial Times. The total monthly payroll was RMB300m (\$34.2m).

She said that some mid-level managers had been detained on their way home by workers demanding pay and benefits. But unrest at the plant was so far only

sporadic because workers feared that, if they made trouble, they would be among the first to be dismissed.

For decades of communist rule a job at Shougang was coveted by Beijing residents as the ultimate "iron rice bowl": a lifetime of prestigious employment with perks such as virtually free housing, medical care and children's education.

Workers at Shougang said that all these perks had now been withdrawn or reduced in the drive to increase efficiency.

The news that Shougang is no longer able to pay many of its workers is a poignant

statement on how badly China's entire state sector, which still employs about 60 per cent of urban workers, is faring.

Official figures this week showed that state industrial companies posted a combined net loss of RMB1.95bn in January and February, compared with net profits of RMB25.8bn in the whole of 1998.

Iron and steel companies throughout China have been hit by domestic oversupply and competition from Asian competitors - especially South Korea - that have benefited from currency depreciations in the region. China, which has not deval-

ued its currency, suffered a 26 per cent collapse in exports to just 2.98m tonnes in the first 11 months of 1998.

Such structural weaknesses are likely to reinforce arguments for a slowdown to the painful state-owned enterprise reforms championed by Zhu Rongji, the premier.

They also indicate the risks associated with China's drive to join the World Trade Organisation, which would open protected local industries such as steel to foreign competition.

The WTO push is also being driven mainly by Mr Zhu.



Holy week rituals: men dressed as prisoners take part in a procession through Antigua, Guatemala. AP

## Violent death is back again for Holy Week

Over 140 have met their end across Central America this week, and that's just the lead-up to the holiday, writes James Wilson

Violent death is once again one of the essential ingredients of Central America's celebrations of Holy Week, the most sacred festival in the Christian calendar.

More than 140 people have died in fights or accidents across the region in the early, quiet part of the week, and by the time festivities finish after Easter Day tomorrow hundreds more from Guatemala to Panama are likely to have met an untimely end.

The final toll for the week may not be short of the 600-or-so deaths counted in each of the last two years across the region, with El Salvador normally topping the grim league.

The mayhem is in stark contrast to the sombre processions and ardent shows of Catholic faith throughout the region this week. Tourists flock to towns such as Antigua - Guatemala's colonial jewel - to see purple-clad devotees carrying religious statues through the streets over carpets of flowers. Mock crucifixions are staged.

But these reconstructed Calvaries are accompanied by another wave of death as virtually everyone in the region takes a rare break from the responsibilities of work.

Each holiday season sees hundreds killed on the roads, stabbed or shot, or simply drowned, often drunk in the cramped coastal resorts to which thousands flock.

Much of the violence reflects everyday life in Central America. El Salvador is by some measures the continent's most violent society, while gangs have proliferated in Honduras.

Guatemala and El Salvador suffer the legacy of recently ended civil wars, which many believe incited violence as a way of life.

"We have come out of a conflict where everyone took decisions for themselves, to save their own skin," said one hard-pressed doctor at a clinic in the Salvadorean coastal town of La Libertad. "This is a difficult moment the country is going through."

He also identifies another cause of the arguments and accidents: drugs.

Cocaine no longer simply passes through the region, but finds ready buyers among a growing middle class who come to the beach to "de-stress."

"We see it in the clinic," he says. "There are people taking industrial quantities." The volume of drug

drivers on the region's bad roads also plays a part.

Holy Week puts enormous pressure on the emergency services. El Salvador's National Emergency Committee, which last sprang into action during Hurricane Mitch, is once again co-ordinating the country's operations.

But the week is also a chance to measure the improvements that countries such as Guatemala and El Salvador are making to their police forces.

Peace agreements obliged both countries to weed out corrupt officers, improve training and present a less military image.

In Guatemala, which is still installing a nationwide civil police force, 3,000 police graduated last week from the new police academy and have gone straight into action on the streets of Guatemala City.

"The police are better trained now, physically and intellectually," said a spokesman.

Police have been cracking down on overloaded buses and carrying out increased random roadside vehicle checks.

But in Guatemala at least, according to the spokesman, there have been fewer deaths so far than last year.

## Chile port strike ends

A two-day strike by workers at ports across Chile has ended with leaders of the stoppage agreeing to talks with government ministers, port officials said yesterday, Reuters reports from Santiago.

The strike, coming at the height of Chile's fruit export season and threatening to halt shipments of copper, the country's leading export earner, had caused multi-million dollar losses for exporters, shippers and maritime agencies, local media reported.

Port officials at Valparaíso, 75 miles north-west of Santiago, said that Raul Troncoso, interior minister, had called on the port workers' leaders late on Thursday with a message from President Eduardo Frei urging dialogue.

Strikers, who are afraid of widespread dismissals when the country's ports are privatised, agreed to return to the negotiating table on Monday for talks with German Molina and Claudio Rohmann, ministers of labour, and transport and telecommunications respectively.

One employee at a Valparaíso shipping agency said that most of the port, Chile's second largest in tonnage terms after San Antonio, had resumed normal operations, although movement was slow given it was the Easter holiday weekend.

Workers at the state-owned ports at Valparaíso and San Antonio, both in central Chile, and the northern port of Iquique went on strike on Wednesday along with workers at the privately held port of Tocopilla in the north.

The state-owned ports of Arica and Coquimbo, both in the north, and San Vicente and Talcahuano, both in southern Chile, joined the stoppage on Thursday.

The government plans to hand over its ports to the private sector, and workers fear their numbers will be immediately reduced to make operations more profitable.

Among other demands, the port workers are asking for training and an early retirement package for those who could lose their jobs.

The workers are not directly employed by the state but by contracted companies.

UNEMPLOYMENT LOWEST LEVEL IN 29 YEARS DESPITE SLOWING GROWTH IN JOBS

## US jobless rate falls to 4.2%

By Nancy Dunne in Washington

The US unemployment rate dropped to 4.2 per cent in March, the lowest level in 29 years, despite slowing growth in jobs, the US labour department said yesterday.

Although many economists concluded that the economy was nearing full employment, setting off fears of wage inflation, bond prices rose about half a point on the news that only 46,000 jobs were created during the month. The unemployment rate and new jobs estimates often seem at odds because they are derived from two separate surveys conducted by the labour department.

The figures come at the end of a week which saw the

release of Japanese figures showing an unexpected jump in its jobless rate to an all-time high of 4.6 per cent, ahead of the US rate and with a further rise expected.

The new US jobs were mostly in the services sector. Manufacturing employment plunged by 35,000, propelled by low-cost imports from Asia. Over the past 12 months the manufacturing sector has lost 381,000 jobs, including 89,000 in industrial machinery, 83,000 in clothing and 69,000 in electrical equipment.

However, there are signs that the losses in manufacturing could be bottoming out, according to Morgan Stanley Dean Witter, the financial services group. The closely watched purchasing

managers' index, released on Thursday, found gains in March in orders and production. Employment in mining declined by 7,000 last month; it has plummeted by 55,000 in 12 months.

Cold weather forced losses of 47,000 construction jobs in March. However, mild winter weather had boosted construction employment in February, leading the labour department to revise its estimate of job growth in February from 275,000 to 297,000.

Almost 128m Americans were employed last month, about one out of every two in the country. Many jobs are in the low-paid services sector. Although restaurant employment fell by 48,000, a reflection of sub-normal seasonal hiring, retail indus-

tries added jobs to keep up with robust consumer spending.

Those with the highest education continue to thrive. The unemployment rate for workers 25 years and over with less than a high school diploma stood at 8.1 per cent last month. Those with diplomas had a 3.4 per cent unemployment rate. College experience brought the rate down to 2.8 per cent. Among college graduates, only 1.9 per cent were unemployed.

Wages have been rising but not alarmingly because productivity has been rising too. Average hourly earnings for non-farm, non-supervisory workers rose 3 cents in March to \$13.09, a 3.6 per cent increase from a year earlier.

## Envelope makers have it licked

By Peter Marsh

Increasing use of electronic means of communications is failing to damp demand for that mainstay of the postal service - the humble envelope.

The growing amount of paper sent through the post in junk mail is another reason for the inexorable expansion in world envelope demand, which rose about 5 per cent last year to 440bn, according to Winkler & Dünnebier, a German company which is the world's biggest maker of envelope-production machinery.

Consumption per head of envelopes is highest in the US, where the average person sends or receives

through the post some 680 envelopes a year.

While most of western Europe manages an average of more than 900 a year, the laggards in European envelope consumption are Italy, Spain and Portugal in which citizens receive or send less than 100 envelopes a year on average - presumably either because of a national aversion to junk mail or a lack of trust in the national postal service to deliver the goods.

According to W&D, envelope use has grown by 3.5 per cent a year worldwide recently. Only about 8 per cent of total world sales of envelopes - estimated at about \$5bn a year - are for personal use. Financial and commercial letters and docu-

ments account for nearly three-quarters of the total, while the fastest growing category is direct mail at 17 per cent of the total.

According to Isabella Parche, W&D's finance director, the growing use of electronic mail has, rather than cut down the need for postal deliveries, increased them. This is either due to the requirement to back up digital messages with something more tangible, or because the e-mail or other digital communication then triggers the need for glossy sales brochures, for example.

The company also says new technology sometimes automatically creates greater requirements for pieces of paper sent in the

post - the explosion of mobile phones in the past five years has directly led to a new demand for about 5bn envelopes a year to send bills to phone subscribers, says Paul Junk, W&D's chief executive.

W&D, which has sales of just over DM400m (£204.5m, \$219m) a year, and claims two-thirds of the world market in envelope production machinery, reckons the average person in Germany sends or receives only about 250 envelopes a year. On the other hand, all of western Europe is well ahead of most countries in south-east Asia and South America, where envelope consumption is only about 20 per person per year.

RESULTS ANNULLED 'WE'RE HAVING A BAD TIME,' SAYS OUTGOING PARTY PRESIDENT AS INQUIRY IS ORDERED

## Mexico's PRD hit by vote tampering

By Andrea Mendel-Campbell in Mexico City

Mexico's opposition Party for the Democratic Revolution (PRD) has been forced to annul its own internal elections for party president because of evidence of vote tampering, despite its claim to be a rare democratic force within Mexican politics.

The PRD's internal ombudsman called back the results of the March 14 election on the recommendation of party electoral authorities after finding irregularities in nearly one-third of voting booths.

The regulating body also

ordered an investigation to find those responsible for the illegalities and Manuel López Obrador, departing PRD president, vowed the perpetrators would be punished.

The decision has severely damaged the credibility of the young leftwing party as Mexico heads for next year's presidential race, which is expected to be the most heated in recent memory.

With an electoral platform of clean, free and democratic elections, the PRD is looking to dislodge the ruling Institutional Revolutionary party (PRI).

The PRI has governed

Mexico since 1929.

Instead, PRD authorities cited examples of physical threats against those involved in the voting process and instances of sudden changes of voting booth locations and booth supervisors.

They also mentioned results in some areas in which 95 per cent of the vote was in favour of one candidate.

"We're going through a bad time. 'Unlawful acts were committed,'" said Mr López Obrador. "These things can happen in the PRD, but they are not permitted."

The leading contenders for

the post, however, have countered that the decision by party officials to nullify the election is illegal and poses a serious threat to party unity.

Amalia García, PRD senator and the self-proclaimed election winner by a less than 1 per cent margin over her nearest rival, has called the decision "chauvinist". She is demanding party electoral officials be removed and new elections called by May at the latest.

The scandal has also served to weaken PRD claims of electoral fraud in Mexico's southern state of Guerrero.

Félix Salgado Macedonio, PRD candidate for the state governorship, has refused to recognise the narrow victory of PRI candidate René Juárez Cisneros in February elections.

Mr Juárez Cisneros was forced to conduct his swearing-in ceremony on Thursday from a local theatre, as thousands of PRD protesters had barricaded entry to the government palace.

At the same time, Mr Salgado Macedonio, who has called for non-payment of taxes in one of Mexico's poorest states, was sworn in by PRD leaders as legitimate governor.

MILLENNIUM BOMB STOCK EXCHANGE TO SIMULATE END-OF-YEAR TRADING

## Year 2000 test in Australia

By Gwen Robinson in Sydney

One of the most comprehensive experiments to be conducted yet on the Year 2000 computer problem will be launched next week in Australia, when the stock exchange and more than 20 financial groups start a 15-day simulation test on equity trading systems.

The test - using hypothetical dates straddling 1999 and 2000 - will be run in parallel with regular trading on the Australian Stock Exchange (ASX) from April 6.

Richard Humphry, ASX managing director, said any problems detected during the simulation would give participants sufficient time to take remedial action.

"This is an industry-wide initiative aimed at boosting public confidence in the state and readiness of this market," he said.

The simulation will test the resistance of computer systems to the so-called mil-

lennium bomb under which processors, including those built into relatively low-tech equipment, could crash.

Participants include 10 of the country's largest stockbrokers, five financial institutions, six of the biggest banks and Computershare, a leading share registry and trading company.

Under the integrated test the participants will simulate the most common equity trading and settlement transactions. The test will also feature simulated company announcements, such as dividend and bonus issues. To support the exercise, ASX has assembled a stand-alone test environment.

Last month Wall Street conducted a similar test. The US Securities Industry Association's simulation involved more than 400 firms including fund managers, traders and exchange staff.

The Australian experiment highlights the central role of the country's stock and futures exchanges in its push to promote itself as a regional financial centre.

Year 2000 compliance issues are prominent in current talks between the ASX and Sydney Futures Exchange (SFE) over a proposed merger of the two markets.

Executives of both exchanges hope to conclude their talks by June and move toward integration in the second half of the year.

In October the SFE is planning to switch to fully automated screen trading and abolish its traditional "open outcry" pit trading system.

Last week ASX and SFE officials said talks were under way with the Singapore Stock Exchange (SES) and the Singapore International Monetary Exchange (Simex) on proposals to establish a common trading platform with the Australian futures and stock exchanges.

Simex and SES are also

## CONTRACTS &amp; TENDERS

**CESP Companhia Energética de São Paulo Companhia Aberta - C.N.P.J. 60.933.603/0001-78**

**ANNOUNCEMENT**

**PUBLIC HEARING FOR THE PRIVATIZATION OF CESP COMPANHIA ENERGÉTICA DE SÃO PAULO COMPANHIA DE GERAÇÃO DE ENERGIA ELÉTRICA PARANAPANEMA**

COMPANHIA DE GERAÇÃO DE ENERGIA ELÉTRICA TIÉTÊ

SÃO PAULO STATE GOVERNMENT, ACCORDING TO THE GUIDELINES OF ITS PRIVATIZATION PROGRAM COUNCIL, INTENDING TO SELL THE EQUITY STAKE OF CESP COMPANHIA ENERGÉTICA DE SÃO PAULO, COMPANHIA DE GERAÇÃO DE ENERGIA PARANAPANEMA AND COMPANHIA DE GERAÇÃO DE ENERGIA ELÉTRICA TIÉTÊ, INFORM ALL PARTIES OF THE PUBLIC HEARING WHICH WILL TAKE PLACE ON APRIL 06, 1999 AT 2:30 PM AT BOLSA DE VALORES DE SÃO PAULO - BOVESPA, AT RUA ALVARES PENTEADO, 151 - GROUND FLOOR - SÃO PAULO - BRAZIL.

**CESP** SECRETARIA DE ESTADO DE ENERGIA GOVERNO DO ESTADO DE SÃO PAULO

150 من الاموال

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BRITAIN

PEACE AGREEMENT IN AN ATTEMPT TO CIRCUMVENT THE DEADLOCK, NEW STATEMENT MAKES ARMS HANDOVER AN 'OBLIGATION'

# 'Road is clear' for N Ireland executive

By John Murray Brown in Belfast

Mo Mowlam, chief minister for Northern Ireland in the UK government, yesterday said the road was clear for the province's new power-sharing executive to be set up. She was commenting on Thursday's statement, issued after long talks involving Tony Blair and Bertie Ahern, prime ministers of the UK and of the Republic of Ireland.

"All parties firmly believe that the violence we have all

lived through must be put behind us," the statement said. "Balanced changes to both the Irish Constitution and to British constitutional legislation based on the principle of consent, have been approved and are now ready to take effect."

"Against this background there is agreement among all parties that decommissioning of paramilitary weapons is not a precondition but is an obligation deriving from their commitment in the [peace] agreement, and that it should take

place within the time-scale envisaged in the agreement, and through the efforts of the Independent International Commission on Decommissioning.

"Sinn Féin have acknowledged these obligations but are unable to indicate the time-scale on which decommissioning will begin."

Oponents of the Good Friday peace agreement signed a year ago attacked the latest proposals as "almost incomprehensible". Ms Mowlam expressed confidence that the wrangle over arms

could now be put to one side. "It is time to move on, the road is clear, and we should move down it," she said.

The joint statement was issued after three days of almost round-the-clock talks between the parties failed to find a breakthrough. It aims to circumvent the current deadlock in which the pro-British Ulster Unionists refuse to sit in government with Sinn Féin while the Irish Republican Army, its paramilitary ally, retains its weapons.

The compromise envisages

that the IRA would put some arms "beyond use on a voluntary basis" paving the way for Sinn Féin to take its seats in the region's new power-sharing government.

Gerry Adams, the Sinn Féin president, said his party did not speak for the IRA and he could not deliver IRA decommissioning. He also voiced some concern that the proposals represent a breach of the terms of the Good Friday agreement.

The latest government initiative includes a 10-day "pause for reflection" before

the parties return to the negotiations on April 13 when nominations will be made for the executive.

Anti-republican politicians said the declaration reflected the UK and Irish governments' impatience with the IRA failure to decommission. But Ms Mowlam seemed keen yesterday to play down the difficulties faced by Sinn Féin. "I believe [Sinn Féin's] commitment to making peace is very strong, but to find the road to go down is one we have to work at together," she said.

NEWS DIGEST

MANUFACTURING

## Demand for UK goods rises for first time in 18 months

A surprise increase in export orders has bolstered hopes of a recovery in manufacturing. The latest monthly purchasing managers' survey, published on Thursday, showed overseas demand for British goods rising for the first time in 18 months. The Chartered Institute of Purchasing and Supply said total demand remained weak, and manufacturing output contracted further last month. Companies were still shedding staff to cut costs and the rate of job losses accelerated slightly. But the overall activity index, on a seasonally adjusted basis, increased from a revised 45.9 to 47.2 in March. The improvement was due mostly to an increase in export orders, which halted a steep decline caused by the strong pound and the Asian economic crisis. The index remained below the breakeven level, depressed again by a run-down of inventories.

The Confederation of British Industry, the employers' lobby, reported an increase in retail sales volumes in March from a year ago. Some 41 per cent of retailers reported higher sales while 27 per cent suffered falls. Christopher Adams, London

SCOTCH WHISKY EXPORTS

## '600% rise' in sales to Taiwan

Reports that exports of Scotch whisky to Taiwan were almost 600 per cent higher in January than a year earlier were welcomed yesterday by the UK government. Officials said the increase followed the ending of 10 years of discriminatory Taiwanese tax policies directed against whisky imports. Figures in a Taiwanese magazine showed Scotch whisky imports at 933,000 litres in January this year. This reflected a 589 per cent rise on the same month in 1998, an official added. Brian Wilson, a UK trade minister visiting Taiwan, said the market share of Scotch whisky had "suffered severely as a result of long-standing tax discrimination and from the lack of rules outlawing cheap products from other countries that are packaged to imitate famous Scotch brands".

CAR INDUSTRY

## Ford to axe 700 jobs

Ford plans to cut nearly 700 jobs from its 26,800-strong UK workforce by the end of July. Employees have been invited to apply immediately for voluntary redundancy. The group described the cuts as part of a long-term programme to improve efficiency in an attempt to become more cost competitive in the global market. But analysts cite Ford's disappointing sales in Europe as a contributor to the cuts. Alice Rawthorn, London

POPULAR MUSIC

## 'Yesterday' tops 2000 chart

The Beatles' 'Yesterday' was voted the 20th century's top song in a poll conducted by BBC Radio 2 that combined sales figures with listeners' and songwriters' choices from the past 100 years.

## Sporting group makes late charge in race for dome

Patrick Harverson reports on a business consortium's plan to turn the east London site into a multi-activity centre

In a country desperately short of indoor sports facilities, the Millennium Dome in east London represents a mouth-watering opportunity: when the Millennium Exhibition moves out at the end of 2000, a space big enough to accommodate two soccer stadiums might make a terrific sports centre.

That is the simple, if ambitious, idea behind Sports Dome 2001, a consortium of three companies bidding to acquire the dome on behalf of athletics, soccer, cricket, tennis, basketball, rock-climbing, skateboarding and any other sporting activity that can fit into 825,000 sq ft of empty space.

Last month, the UK government put the dome up for sale, and within weeks Sports Dome 2001 had submitted its declaration of interest with the two bodies in charge of the sale - the New Millennium Experience Company and English Partnerships.

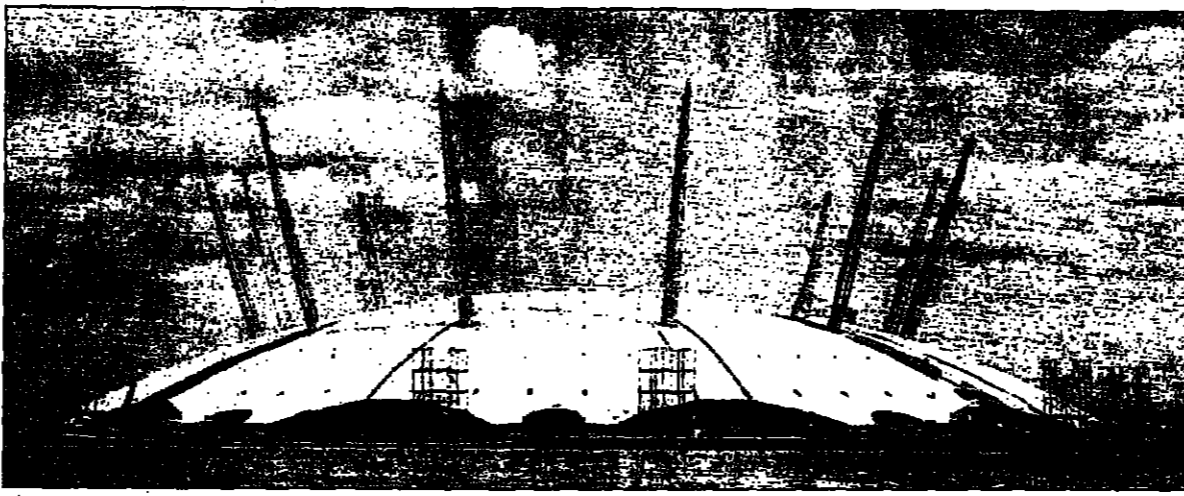
The consortium's proposal

is to convert the dome and the surrounding 48-acre site into the world's biggest sports complex, capable of hosting up to 50 different sporting activities, indoors and outdoors.

Looking beyond 2001, the consortium hopes the Sports Dome will become a key element in a London bid to host the summer Olympics, probably the 2012 Games, the site for a sports university, and a headquarters for many different sports authorities.

Lodging an intention to bid was the easy part: the task now facing the three sports marketing, sponsorship and PR companies that make up the consortium - John Taylor International, Price Nicholson and Colliard Grosvenor - is daunting.

They have to win the support of the British sporting establishment for the project, line up hundreds of millions of pounds in funding from public and private sources to pay for the conversion of the dome, defeat



London's Millennium Dome: open to bids for use as a theme park or sports venue after hosting the Millennium Exhibition O A Photos

## It stands a good chance, given the government's stated desire to leave a legacy for the nation

their rivals in the race to buy the dome, and attract a group of high-level corporate sponsors (sports-friendly companies like Nike, Coca-Cola and Adidas) to help fund the centre once it is up and running.

Sports Dome has already won the backing of three key sports groups - the British Olympic Association, Sport

England (the old English Sports Council) and London Sport International, the body set up to attract more sporting events to the capital. John Laing, the construction group involved in building the dome, and Sky Sports, one of the sponsors of the Millennium Exhibition, are also behind the bid.

The most important part of the job, says John Taylor, is getting the sports establishment on board. "It will only work if we carry the governing bodies with us," he says.

The consortium is relying on Sport England's National Lottery funds to provide a large chunk of the money to buy the dome, but the hardest job may be attracting private capital.

Mr Taylor believes institutional investors will be

attracted by the opportunity to acquire a part of the dome and accompanying land on a long lease from the government, with an eye on the long-term property development potential of the site.

However, it will be a complex task structuring a deal to satisfy private investors seeking a return on their capital and public bodies that are providing lottery funds, which by law cannot be used for profit-making enterprises. The consortium makes no bones about the fact that the Sports Dome will be a commercially-driven operation.

If the money can be found, the consortium will then have to win the competition to buy the dome, which will be decided in spring 2000. Its main rivals appear to be property developers or enter-

tainment groups looking to convert the dome into film studios and a theme park.

Mr Taylor thinks the proposal, which offers people an opportunity to participate in a wide variety of sports and provides both amateurs and professionals with high-class facilities, has a good chance of winning approval, given the government's stated desire to ensure the dome leaves a public legacy for the London region as well as for the whole nation.

Judging by Friday's comments from Tony Banks, the sports minister - "Turning the dome into a sports complex, particularly one that helps London meet the standard required for Olympic facilities, is an excellent idea," he said - Sports Dome 2001 may already have a head start.

## Central bank in opinion poll plan

By Christopher Adams, Economics Staff

The Bank of England, the UK central bank, is weighing the idea of commissioning a regular opinion poll to discover what the public thinks of its decisions on interest rates. The Bank is sensitive to criticism that it is pursuing the goal of price stability with scant regard for jobs.

Eddie George, governor of the Bank, walked into a political storm last October when he suggested that job losses in north-east England, a region suffering from heavy unemployment, were a price worth paying for conquering inflation.

The survey, believed to be first of its kind by any central bank, would seek to establish whether the Bank's view that low inflation is good for the economy has been getting through.

Support within the Bank for an opinion poll has grown since last year's report from the Treasury committee of the House of Commons suggested a survey would strengthen the credibility of the new monetary policy framework.

Some analysts believe the move could promote price stability. If the public

believes the Bank's monetary policy committee will meet its targeted level of inflation, then it may adjust its own expectations accordingly, helping keep inflationary pressures subdued.

The Bank could commission polls several times a year, but may not stick to a rigid timetable. An independent polling organisation would carry out the surveys.

A survey could include questions measuring public understanding of what the Bank's independent monetary policy committee was setting out to do and how successful it had been. Consumer reaction to changes in interest rates as well as their expectations for future levels of inflation could also be assessed.

The Bank is trying to raise the public profile of the committee that sets UK interest rates. Committee members have stepped up regional visits to business groups and workplaces.

Measures of expected inflation, whether based on surveys or on the difference between nominal and index-linked bond yields, have come down over the last year, many converging on the Bank's targeted annual level of 2.5 per cent.

## Pension rethink for Barclays

By James Mackintosh in London

Barclays this week became the first pensions provider to stop selling pensions in the face of warnings of mis-selling from the Financial Services Authority, the City of London regulator.

The bank is considering how to compensate customers facing the high costs of switching to the government-backed low-cost stakeholder pension, when it becomes available.

Barclays Life, the life assurance division, withdrew all its monthly savings scheme pensions on Thursday, saying it could alienate customers and fall foul of the regulator. Its worry - shared by much of the industry - is that pensions with high initial charges are inappropriate when the cheap stakeholder scheme is only two years away. Buyers of high-charge pensions could find their investment worth less than they paid in when they transfer to a stakeholder.

Barclays said it would offer a re-designed, cheaper pension at the end of May.

Eugene McCormack, head of product development, said the bank was considering

the "mind-bending challenge" of how to retain customers sold high-charge pensions.

"We can't ignore them," he said. "But we are talking about pretty chunky money here."

It is understood that a decision to compensate customers seeking to transfer would need approval from the Barclays board.

Justin Modray at Chase de Vere, the financial adviser, said: "The companies are very aware of difficulties after the mis-selling problems of the past. A lot of other life companies will have to follow suit for cut their charges."

Occupational pensions must be "ring-fenced" from the effects of the government's planned stakeholder pensions, William Mercer, the big employees' benefits consultancy has warned.

Occupational schemes otherwise risk further erosion that "would not only be a disaster" in pension terms but "would be an outcome that is directly contrary to government policy."

The comments came in Mercer's response to a government discussion paper on pensions.

SCOTTISH PARLIAMENT UK'S GOVERNING LABOUR PARTY FORECAST TO TAKE MOST SEATS

## Separatists see support waning

By James Buxton in Edinburgh

Support for the Scottish National party is waning in the final days before the official start of campaigning for the first elections to the new Scottish parliament, opinion polls suggested yesterday.

But one poll indicated that a majority in Scotland supported the separatist party's recently decided policy of forgoing the 1 per cent cut in income tax announced by the UK's Labour government in its March 9 annual Budget, and instead raising an equivalent surcharge on income tax in Scotland, levying the so-called "tartan tax".

The SNP campaigns for an independent Scotland within

the European Union while the governing Labour party supports Scotland remaining in the UK.

The latest System Three poll for The Herald newspaper, published in Glasgow, showed a 13 percentage point gap between Labour and the SNP, with Labour set to take 45 per cent of the vote on the first vote for the Scottish parliament and 40 per cent on the second vote. By contrast the SNP would take 32 per cent on both votes.

Most polling was done before Alex Salmond, the SNP leader, on Monday attacked the government's policy of participating in Nato's policy in Kosovo as "unpardonable folly".

The result is a big

improvement on Labour's support in the first vote, compared with the System Three poll at the beginning of March, where Labour took 38 per cent and the SNP 38 per cent, a lead of only 3 percentage points. Labour's performance on the second vote in that poll was the same as in the latest survey.

Donald Dewar, the UK government's chief minister for Scotland, said the results showed an increase in support for his party but warned the campaign was still in its early stages.

However, System Three showed that more people back the SNP than Labour over the 1p cut in income tax. Some 52 per cent said they preferred the SNP's policy of keeping income tax at

23p, levying the "tartan tax" and spending the 1p on public services such as health and education. Some 37 per cent backed Labour's policy of a 1p cut, with 11 per cent undecided.

The abrupt drop in support for the SNP was mirrored in a poll by Scottish Opinion for the Daily Record newspaper, the biggest-selling daily in Scotland, which put Labour on 42.8 per cent and the SNP on 31.7 per cent on the first vote.

The Herald calculates that on the basis of the System Three poll, Labour would take 60 of the 129 seats in the Scottish parliamentary elections on May 6, and the SNP 39. This would leave Labour five seats short of an overall majority.

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Saturday April 3 1999

The land of no return

The question in Kosovo is which community - the ethnic Serbs or the ethnic Albanians - will be driven off permanently, writes Marc Champion

Peace by any other name

Easter has, alas, rarely been associated with peace and reconciliation in Northern Ireland.

On Sunday, Roman Catholics will once again remember those five bloody days in 1916 when 56 republican patriots were killed in the Easter Rising against British rule.

The present Good Friday peace process is a rare exception to the general rule of tension at Easter. If the process is to be kept alive during the next two weeks, the voices of compromise will need to shout loudly against the drums of ancient hatred.

Last Thursday, Tony Blair, the prime minister, and Bertie Ahern, his opposite number in Ireland, put brave faces on their failure to secure a final agreement before the Easter break.

Both had invested an impressive amount of political capital in trying to meet the Easter deadline for the establishment of Northern Ireland's new power-sharing executive. In the end, they were able only to snatch postponement and a revised process from the jaws of defeat.

This was no doubt a disappointing end to four long days of talks. But it would be wrong to be overly despondent.

In essence, the big negotiating question remains the same as it was before the talks started: can the IRA be persuaded to make a concession on decommissioning that will be just enough for David Trimble, the Ulster Unionist leader, to sell to the sceptics within his own party?

It is not easy task. If only one unionist in the new assembly were to shift allegiance on the issue, Mr Trimble would lose the majority within his own ranks and, possibly, the leadership.

Mr Blair and Mr Ahern, with background support from Bill Clinton, the US president, have at least kept open the possibility of agreement when the talks resume on April 13.

Decommissioning

At the moment, the IRA still refuses to start decommissioning its weapons as a pre-condition for its political wing, Sinn Féin, to take seats in the new executive. The Unionists, however, will not share power with Sinn Féin unless the terrorists make a credible show of giving up weapons.

Mr Blair thinks he has found "a basis for getting round" this roadblock. The by-pass may still have to cross some very rough terrain. But it is encouraging

that Mr Trimble appeared to share the prime minister's qualified optimism. Even Gerry Adams, Sinn Féin's president, restricted himself to "some sense of disappointment," that the executive had not been set up.

Semantic framework

What lies behind their level-headed willingness to go on talking is a new semantic framework - a change in the wording of the agreement. That might not sound like much, but in a society where religious and historical symbolism provides the currency of politics, words are often as important as substance.

Thus, "de-commissioning" (which sounds like surrender to republicans) has been changed into "putting weapons beyond use". The symbolic start of decommissioning (an issue of high dogma for Unionists) is transfigured into an "Act of National Reconciliation". This will no doubt include a ceremonial withdrawal of some British troops. More significantly, the framework seeks to refine the issue of whether decommissioning is a pre-condition for power-sharing. The new wording says it is not, but that it will remain an "obligation" running in parallel with the establishment of the new body, which cannot be fully operational until the act of reconciliation has taken place.

The distinctions may seem arcane, but the object is real enough: to give the IRA a way of declaring peace with honour that unionists can accept.

In the end, however, wordplay will not be enough. Power sharing cannot work unless the terrorists have genuinely forsaken terror. It is not clear that this has happened on either side.

Since the IRA's first cease-fire in the autumn of 1994, violence in the province has been subdued. But it has by no means stopped. Human rights workers say that since the peace agreement was signed a year ago, there have been 45 murders, 67 mutilations and 236 punishment beatings by terrorist groups on both sides.

Almost 1,500 families have been re-housed to escape intimidation and 600 people have been exiled under threat of death. If these dismal statistics are not enough to induce the parties to sign up, a glance across the border might tip the balance. The spectacularly improved prosperity and liberalised society in the Republic of Ireland should give northern Protestants less to fear and northern Catholics a persuasive example of the payoff of peace.

If only.

In the summer of 1991, Captain Dragan, commander and hero of Serbian paramilitary forces in the breakaway Krajina region of Croatia, steered his pen deftly between villages and rivers to sketch a map of the future Greater Serbia. He was sitting on the ramparts of the medieval fortresses that served as his headquarters high above the town of Knin, surrounded by thugs in camouflage and his pet brown bear.

Captain Dragan would not last long in Knin, but his map proved accurate, almost to the squiggle. He had marked out the areas Serbian forces would seize in Croatia and Bosnia over the next four years.

In the Balkans, everybody has a map. Nationalists - whether Serbian, Croatian, Albanian, Romanian or Bulgarian - all treasure maps showing the "true" dimensions of their nations, so different from the borders carved out in the wars and treaties that followed the collapse of the Ottoman empire.

This cartographic obsession has displaced between 2m and 2.5m people since the wars of the Yugoslav succession began. And as the west watches thousands more flee Kosovo, it must also ponder where they will eventually find a permanent home.

There is no evidence that the Serbian leadership in Belgrade has already resolved on a partition of Kosovo, as Captain Dragan had done for Croatia and Bosnia.

In forcing ethnic Albanians out of Kosovo, Slobodan Milosevic, the Yugoslav president, is clearly aiming to keep the province as an integrated part of Serbia, but with the ethnic Albanian population so decimated it can never again threaten to secede.

Nevertheless, if one thing is certain, it is that the men directing the Serbian ground offensive in Kosovo have been drawing some maps of their own.

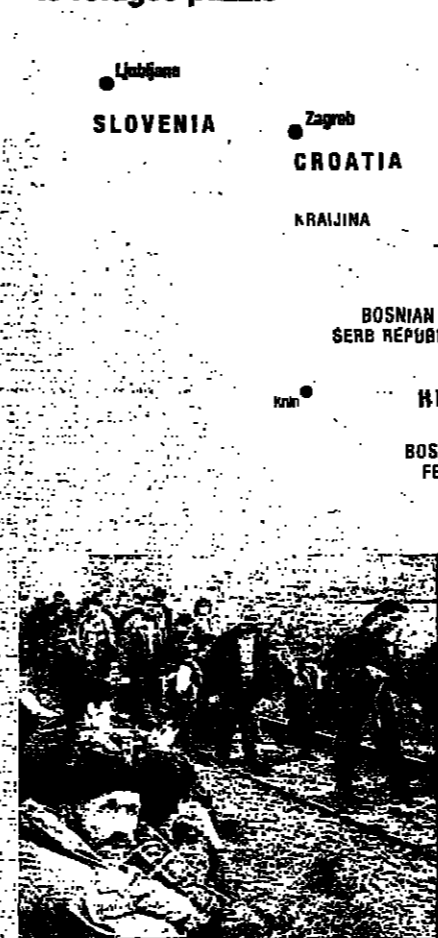
The conflict in Kosovo, just as in Croatia and Bosnia, is a war over territory driven by the principle of *Jaco-taci*, an appropriately archaic Serbo-Croat term that means, roughly, "force stamps on the weak".

Mr Milosevic may now be stamping all over Kosovo, but past experience suggests military superiority may not be enough to hold on to his territory. New maps may be required.

Mr Milosevic is, after all, a two-time loser. Knin, along with the rest of the Croatian territory once taken by the Serbs, is back under Croatian control. Serb-controlled Bosnia was cut back under the 1995 Dayton accord and snatched away from Belgrade to be placed instead under what amounts to an international protectorate.

One can only speculate as to what Mr Milosevic's contingency maps for Kosovo might show, but in all probability they would carve out northern Kosovo - where most of the province's industry and ancient Serb

The refugee puzzle



churches are located - retaining this for Serbia. The rest would be Nato's problem.

Mr Milosevic has every reason to believe the international community would be open to such an arrangement.

In Croatia, the west effectively endorsed Croatia's Operation Storm in 1995, as a result of which Krajina was recaptured and the entire Serb population driven out. At Dayton, the west agreed to Bosnia's partition and is now policing segregated communities.

Since then, the international community has been trying hard to return people to their homes and to recreate the multi-ethnic states that existed before the war. Nato will have to do the same in Kosovo, where some 250,000 refugees have been driven from the province over the past week and tens of thousands more are leaving daily.

Experience from the earlier stages of the war, in Croatia and Bosnia, suggests that Nato's options will be limited. For example, of the roughly 1.2m people who had been displaced from their homes in Bosnia by 1995, only some 80,000 have been able to return. The United Nations High Commission for Refugees is not expecting any more returns in the foreseeable future.

The same goes for Croatia. While Operation Storm allowed Croatian civilians to return to their homes, some 180,000-200,000 Serbs fled Krajina as a result,

Relatively few of the 50,000 Serbs who have returned to Croatia since the fighting stopped have gone back to Krajina.

"The lesson of Bosnia and Croatia is that you cannot return refugees against the will of the local authorities," says Brian Hopkinson, Sarajevo director for the International Crisis Group, a non-government agency.

Michael Williams, a Geneva-based Balkans analyst, says: "Nato will have to establish an independent state in Kosovo or install a heavy peace-keeping force. Anything short of that will

fail ignominiously." Although Nato is reluctant to deploy ground troops in Kosovo, there is a precedent that it could follow. At the end of 1995, the United Nations set up a protectorate in Eastern Slavonia, the strip of Croatia along the west bank of the Danube that had fallen under Serb control. It was no easy task. The region saw the ugliest fighting of the war in Croatia, including a 90-day siege of Vukovar that reduced the town to ruins. Since 1995, it had been populated exclusively by

Serbs. The two-year protectorate, called UNTAES, was the most heavily armed peace-keeping force in the history of the UN. It is also considered one of the most successful. Peter Galbraith, US ambassador to Croatia at the time, said: "Not anywhere else has the peace process significantly reversed ethnic cleansing, but it's happening here."

The protectorate encouraged 32,000 of the 85,000 Croats who were driven out of Eastern Slavonia by the war to return. The number would be far higher if

actual figure is likely to be much higher.

The question in Kosovo is which community - the 10 per cent who are ethnic Serbs or the 90 per cent who are ethnic Albanians - will be driven off for the long term. Experience suggests that only if a Nato protectorate is established in Kosovo will it be possible for displaced ethnic Albanians to return, but in this case the smaller Serbian population will leave.

It is a zero sum game. Because Nato must be seen to win if it is not to suffer lasting damage as an effective military alliance, many observers believe that in the end it will be the Kosovo Serbs who lose out. If this happens, Mr Milosevic will have lost in war for a third time.

This is a grim prospect for Mr Milosevic, who precipitated the break-up of Yugoslavia in the belief he would be able to replace communist domination of the country with the Serbian domination that existed before the second world war.

Instead, he could soon have lost not only the Serbian enclaves in Croatia and Bosnia, but Kosovo as well. Montenegro has already seceded from Yugoslavia in everything but name. This would leave only the former Hungarian province of Vojvodina to go before Mr Milosevic had presided over not only the disintegration of Yugoslavia, but also the complete dismembering of Serbia.



Mr Milosevic may now be stamping all over Kosovo, but past experience suggests military superiority may not be enough to hold on to his territory

there were jobs to return to. But if the protectorate model has been successful in getting Croats to return to their villages, it has been less so in persuading Serbs to stay. The UNHCR estimates that of the 73,000 Serbs living in the region in 1991, 18,000 left during the two-year UN mandate. Since the end of the mandate, the observer mission that took over from UNTAES is unwilling to guess how many Serbs have left the area. Some 1,200 Serbs per quarter are registering as they leave, but the

LETTERS TO THE EDITOR

Short sight and short memory over Emu

From Dr Paul Breeze.

Sir, John Plender displays a myopic view of history in "Britannia: cool or out in the cold" (FT Weekend March 27-28).

Mr Plender presents the outcome of a referendum on economic and monetary union as a foregone conclusion unless the British firm their collective upper lip and reassert their Victorian confidence in isolation. Is his memory so short? Two years ago, with John Major still prime minister, it was a brave man who talked openly of going into the European monetary project.

Margaret Thatcher, whose legacy is dismissed by Mr Plender in seven words, not only sought to turn the tide: she did so, making Europe an object of hate and decision.

During the 1970s - the nadir in Mr Plender's eyes of Britain's post-war fortunes - the Heath

and Wilson governments apparently slipped quietly into Europe, cap in hand, smiling ruefully. Edward Heath's enthusiasm for Europe earns no mention; nor does the fact that the Wilson cabinet was split from top to bottom over the subsequent referendum in which 67 per cent of Mr Plender's diffident British people confidently voted to remain in the European Community. That outcome is probably an error of history in Mr Plender's eyes.

He certainly appears to hold little faith in a future referendum on Emu, preparing us, as he does, for the fatalism of the electorate allowing the issue to slip past, almost unnoticed. It would seem that even the vote of the people, should it be in favour, will be a mistake.

There are issues concerning the future of Europe - issues such as peace - which Mr Plender ignores. These are not ignored in Germany and France, which is why these two countries remain at the heart of the European project. The mighty German economy may be faltering, but if so, this is in no small part due to its sacrifice in reunifying the two Germanies after the fall of the Berlin Wall. It still shames me that many in this country choose either to ignore that sacrifice or to seek to take economic advantage of it.

There are cogent arguments against joining Emu, as there are in its favour. It is unfortunate that the Financial Times has wasted a front page avoiding them.

Paul Breeze, 62 Elm Park Court, Elm Park Road, Middlesbrough HA5 3LL, UK

What history teaches about intervention

From Xiaoling Tong.

Sir, Both President Bill Clinton and Nato's brass gave their explanation of the motive of the allied military strikes against Yugoslavia as a moral obligation, to prevent the Serbians from further killing the ethnic Albanians. However, what I have seen in the past 10 days has been the even more devastating humanitarian catastrophe suffered by the Kosovo Albanians as a result of Nato's ruthless bombings.

Time and again, history in Europe has proved that armed intervention did not yield any fruit in the solution to the dispute but, rather, produce contrary effects on the relationship among the parties involved, let alone that such artificial interference through military means could not intensify the vendetta between the ethnic groups.

By stepping into the quagmire of the Kosovo crisis, Nato would find itself trapped between a moral project and a military apparatus. And it seems that Nato is eager to prove its relevance absent of a Soviet threat. Nonetheless, Nato's operations in Kosovo will not help it in engaging Russia strategically. I am wondering how Nato's heads of government will chart a new course for the organisation's New Concept of Strategy this month in Washington.

Xiaoling Tong, 350 East 35th Street, New York, NY 10016, US

New penal code

From Assen Agov.

Sir, The article "Beggars and losers can become winners and choosers" (March 6-7) citing Amnesty International as the source claims that Bulgaria has not yet abolished capital punishment. I would like to inform you that capital punishment was abolished in my country on December 10 1988, when parliament adopted the amended penal code on second reading.

Assen Agov, chairman, committee on foreign and integration policy, National Assembly of the Republic of Bulgaria

Amazement of Basque-born composer described as Gascon

From Mr Gerald Larner.

Sir, I hope none of your readers has been persuaded to visit Gascony on the grounds that Ravel came from there, as alleged by Jill James in her travel article on that region ("Blow that French horn", FT Weekend March 13-14).

The composer Maurice Ravel (1875-1937) - if that is who Ms James meant, rather than some fourth or fifth musketeer - was in no sense a Gascon. He was born in the French Basque country at Ciboure, just across the Nivelle from St-Jean-de-Luz and

far nearer to the Spanish border than any part of Gascony by any definition. Although his mother (who was also born in Ciboure and who spoke Basque and Spanish as well as French) took him to Paris when he was only about three months old, Ravel always thought of himself as Basque and would be amazed to find himself described as Gascon, which is something else entirely.

Gerald Larner, 98 Heyes Lane, Alderley Edge, Cheshire SK9 7JY, UK

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MAN IN THE NEWS YEVGENY PRIMAOKOV

Master of the mood

Peace-broker, national champion, backroom dealer. John Thornhill considers Russia's versatile prime minister

Yevgeny Primakov has always been the master of the shadowy intrigue and the backroom deal. But this week Russia's prime minister was dragged into the full glare of publicity as he played out a series of demanding and dramatic roles.

On Monday, the 60-year-old prime minister emerged as the putative saviour of Russia's crisis-torn economy as he managed to wring promises of more cash out of Michel Camdessus, managing director of the International Monetary Fund.

The following day, the veteran diplomat was transformed into a bold peace broker, dashing off to the Balkans to engage Slobodan Milosevic, the Yugoslav president, in six hours of intensive - yet ultimately fruitless - talks.

Yesterday, Russia's elder statesman became the high-minded arbiter in an increasingly low-down political struggle - involving allegations of intimidation, corruption and even skulduggery - which is now shaking the very gates of the Kremlin.

Yet in all these incarnations Mr Primakov has remained his unflappable, phlegmatic self, mulling the occasional dry phrase into his double chin, and shielding his eyes behind his photo-sensitive spectacles.

Even when he has not met with success, he has exuded a sense of dignity and purpose and the impression that no one else could have done any better.

In a country in which they say it is impossible to predict the past, let alone the future, it is hard to know what role Mr Primakov might play next. It is perfectly possible the stage-struck president Boris Yeltsin may grow too jealous of his understudy stealing his best lines and elbow him aside as he has done to so many potential rivals in the past.

But it is also possible that Mr Primakov's moment of destiny may finally have arrived and that he will lead the biggest country in the world into the next millennium. "If we do not want to see Primakov in charge, then who else?" spluttered one of Mr Primakov's advisers. "Who is the alternative who can bring together different representatives of the political strata? Who else has Primakov's knowledge,

Primakov's experience, Primakov's ability to run the country?"

The prime minister's excitable supporters are even beginning to liken Mr Primakov to a Slavic Moses, who will help guide his people away from the slavery of Soviet times, through the wilderness of the Yeltsin era, to the promised land of national regeneration. Yet such high-flown sentiments could quickly be drowned out by cries of disappointment unless Mr Primakov starts delivering on what he has promised.

On the economy, he still faces an awesome challenge in preventing inflation from spiralling out of control. The outline deal he has struck with the IMF this week may be enough to avert the national humiliation of mass default on Russia's external debts.

But even assuming the final details of the deal slot into place, the government is unlikely to receive much new money from the IMF this year. Any new loans

will simply be used to pay off old ones.

That leaves the government committed to running a primary budget surplus (excluding interest rates) this year of 2 per cent of gross domestic product - which will require extraordinary political nerve. The tensions of such fiscal austerity will doubtless grow extreme in the run-up to parliamentary elections in December.

The chances of success hardly seem much more promising in Yugoslavia, even though the crisis has played wonderfully to Mr Primakov's political strengths. As the former head of Russia's espionage service and foreign ministry, Mr Primakov has long adopted an antagonistic, if not openly adversarial approach, to the US. The explosion of popular anger against Nato's bombing of Yugoslavia has only served to highlight the apparent wisdom of his stance.

For the moment, Mr Primakov is the man for the mood, the defender of

Russia's national interests and the most forceful advocate of a multi-polar world. There is also the faint possibility that Mr Primakov could yet mastermind a peace deal. The Russian government's newspaper has been floating the prospect that Mr Primakov may be able to persuade Mr Milosevic to agree to a division of Kosovo. Logically, that would appear to be one way out of the conflict.

However, Mr Primakov's failure to influence the course of events in the Balkans would only underscore the extent of Russia's international weakness and the flimsiness of his "great power" claims. The danger is Russia may then be able to reinvent itself in the role of the truculent outsider, capable of commanding attention only when behaving badly.

Mr Primakov's immediate fate, though, could well be decided by the grubby power struggle raging in Moscow, which once again threatens to pitch the president against his parliament.

Moscow's latest political drama has more twists than a maze but centres on allegations that Mr Yeltsin's entourage - and possibly even his family - were involved in suspicious dealings with a Swiss building company called Mabeta.

Mr Yeltsin yesterday issued a decree dismissing the man who was leading this investigation, Yuri Skuratov, saying the country's top law officer was himself under suspicion for his "criminal" associations. Earlier, a state television channel had shown secretly-shot film of Mr Skuratov in bed with two young women amid allegations that the prosecutor general had been compromised.

The president's supporters claim Mr Skuratov has allowed himself to become a weapon in the Communist's battle to unseat Mr Yeltsin. But Mr Yeltsin's enemies allege the move against Mr Skuratov is a flagrant attempt to derail his investigation.

The truth of all these accusations is impossible to fathom but the political ramifications could be profound. Mr Skuratov has been invited to speak in parliament on Wednesday, a week ahead of an impeachment vote against the president.

The sense of national unity engendered by the Yugoslav conflict could quickly evaporate in a further bout of



political recrimination. There is certainly a *fin de siècle* feel in Moscow at the moment as Mr Yeltsin's administration crumbles away. The seemingly ever-dependable Mr Primakov would appear to best placed

to benefit from any further instability. Mr Primakov once famously remarked he had reached the "limits of lunacy" by accepting the position of prime minister. His sanity may yet be tested further.

Keeping hope alive

John Murray Brown on the latest compromise in Northern Ireland

Outside Catholic churches in the more remote parts of Northern Ireland tomorrow, the collection box will go round for what is one of the more innocent of the IRA's fund-raising activities.

At Easter every year, the self-styled National Graves Association - guardians of republican plots across the island - mark the 1916 rebellion against British rule and honour the IRA "volunteers" of more recent campaigns.

This year's commemoration is likely to be more sombre. For 12 months on from the breakthrough Northern Ireland peace agreement, the IRA is being asked by the British and Irish governments to do something it has never done before: give up its arms.

Thursday's joint declaration by London and Dublin, which sought to circumvent the arms impasse, is cloaked in diplomatic language. The initial handover of arms, which must take place in six weeks, has been repackaged as part of a national day of collective reconciliation, to remember all the victims of the Troubles.

The importance of the declaration is clear: it is a last chance to prevent the peace process from collapsing as a result of Sinn Féin's exclusion. If Sinn Féin cannot secure a disarmament gesture from its allies in the IRA, it will not take its seats in the government of Northern Ireland.

Tony Blair, the UK prime minister, and Bertie Ahern, his Irish counterpart, expressed confidence they have devised a balanced mechanism to resolve this hitherto intractable problem. They probably had little choice. After three days of negotiations in Belfast, the Ulster Unionists were still insisting on prior decommissioning before Sinn Féin could join the new power-sharing executive.

Brendan O'Leary, politics professor at the London



Gerry Adams (left) and Martin McGuinness on Thursday

School of Economics, believes both sides can claim victory. Sinn Féin can claim the formation of the executive will take place without prior decommissioning. The Ulster Unionists will be able to demonstrate that decommissioning will have been secured before the functioning of the executive.

"But the big X in the equation is whether the IRA will hand over its arms," says Albert Reynolds, the former Irish prime minister who played a pivotal role in setting the peace process in train.

David Trimble, the Ulster Unionist leader, has already taken considerable risks by endorsing a deal that has split his community down the middle and is still threatening his hold on the party. Many ordinary unionists are extremely uncomfortable with the release of prisoners convicted of terrorist acts. But the party's key concern is how to ensure that Sinn Féin could be excluded from government if the IRA insisted on retaining its weapons.

There is also a question mark over the loyalist paramilitaries, who are being asked to decommission their arms to facilitate Sinn Féin's entry into government. This could present problems for

the already fractured loyalist political leadership.

There will be problems for all parties selling the compromise to their supporters, as the province enters the marching season when community tensions rise.

At first sight, Sinn Féin looks like having the hardest task. The IRA has explicitly ruled out decommissioning, although government officials were encouraged that its Easter statement, issued on Tuesday, did not mention the D-word.

Gerry Adams, the Sinn Féin president, has long insisted that the party has a right to ministerial seats based solely on its electoral mandate. Yesterday, he repeated the mantra that Sinn Féin does not speak for the IRA.

In the Irish tradition of physical-force politics, arms have never been handed in. As John Hume, the SDLP leader, often points out, almost every party in the Irish parliament was borne out of violence and none has ever surrendered its arms.

Sinn Féin is vulnerable to charges that it has left the community defenceless, particularly in face of continuing attacks on Catholics by loyalist extremists.

Mr Adams made clear that he will not sign up to any

thing that is not in line with the Good Friday Agreement. Sinn Féin committed itself to "work constructively and good faith and to use any influence they may have to achieve the decommissioning of all paramilitary arms within two years."

Sinn Féin regarded this very much as an aspiration. This week's joint declaration by Britain and Ireland explicitly stated decommissioning was "an obligation".

The governments insist the IRA is not being asked to surrender. Instead, by taking part in an act of collective reconciliation, the legitimacy of their struggle will be given expression through this act of remembrance for all the victims of the last three decades.

It is no coincidence that Nigel Dodds, the terrifier-like spokesman of the hardline Democratic Unionists, chose to focus his attack on this aspect of the declaration, pointing out that the IRA's victims will be equated with IRA terrorists.

If all goes to plan, the timetable leading to devolution of powers to a new Northern Ireland government is set. After a "pause for reflection" talks will reconvene on April 13, when parties will make nominations for ministers in the new government.

The executive will exist in shadow form until after the proposed day of remembrance, when IRA and loyalist guns will be "put beyond use" while the British Army will announce a significant troop withdrawal.

The declaration says devotion will be triggered once General John de Chastelain, who heads the international disarmament body for the province, has verified the arms move.

There is always a danger that positions could harden. But if the leaders can hold their nerve, the sworn enemies of unionism and republicanism could be sitting in the same government by the end of May.

Oil's takeover king

The stature of BP Amoco's acquisitive boss is growing, says Robert Corzine

There was more than a hint of triumphalism on Thursday as Sir John Browne, chief executive of BP Amoco, the UK's biggest company, took to the stage of London's Mermaid Theatre to give yet another performance as the takeover king of the international oil industry.

The script was somewhat different from the one he delivered on a sweltering day last August, when Sir John startled the world's oil industry and jolted the markets with his takeover of Amoco of the US - at the time, the biggest industrial merger in history.

Last year he spoke of the need to move the former British Petroleum into the oil "super league", alongside arch-rivals Royal Dutch/Shell and Exxon.

He said this week's \$26.8bn takeover of Los Angeles-based, Atlantic Richfield (Arco) was more an exercise in filling the gaps in BP Amoco's global asset base.

But the boldness of the acquisition surprised many in the industry. It came only three months after the formal integration of BP and Amoco, and at a time when the recovery in oil prices from recent 12-year lows is still tentative.

Sir John likes to ascribe BP Amoco's success to teamwork and good management systems. That may be so. But teamwork alone cannot explain how, in the space of less than eight months, the former BP has transformed itself from a production company in the UK and US into a global energy group, with a large and balanced international portfolio of oil and natural gas assets.

This astounding transformation, oilmen agree, was possible largely because of the undisputed respect and authority Sir John commands in his highly competitive business.

"It's an incredible example of the management premium in BP Amoco's share price being used as an acquisition currency," says one admiring merchant banker.

How did Sir John earn such a sterling reputation in just three-and-a-half years at the helm of BP, and then BP Amoco?

He has benefited to some degree by retaining and refining a few simple principles laid down by his predecessor, Lord Simon, now a minister in the UK's department of trade and industry. The first is to set clear and realistic financial and performance targets.

The biggest crime a senior manager can commit in BP Amoco is to fail to give Sir John ample warning that an agreed target will not be met. Critics say he is autocratic and rules by fear. Supporters insist his business acumen and managerial skills more than offset his autocratic bent.

His sheer capacity for work - and apparent enjoyment of it - are well known. An engineer by background, he admits to being "data

needed to be taken, even if the scientific evidence was inconclusive. Positioning BP Amoco as the most "progressive" company in a mature, conservative industry was a deliberate act, industry analysts say, intended to set it apart in the minds of consumers and governments.

Sir John may not personally embrace the full environmentalist agenda, but the strategy has helped cement his own status as the undisputed leader of the western oil industry, and given him a public pulpit from which to further enhance BP Amoco's reputation.

His sheer capacity for work - and apparent enjoyment of it - are well known. An engineer by background, he admits to being "data

driven". Colleagues say he can assimilate enormous amounts of detailed information, but in a way that, so far at least, does not seem to be at the expense of strategic thinking.

One colleague believes his business skills are of an order not seen in the international oil industry since the early decades of the century. Although he has been with BP his whole career, his instincts appear more entrepreneurial than bureaucratic. The way in which he has orchestrated the two takeovers illustrates the point.

At the beginning of last year, BP's strategy of wholesale cost cutting and volume growth was in danger of running out of steam. The oil price collapse occurred just as Sir John's frustration at the slowing pace of organic

growth was rising. Although low oil prices would come to ravage BP's earnings, Sir John knew that their impact on companies less fit than BP would expose deep-seated structural and managerial shortcomings. He also knew that the proven BP cost-cutting system would deliver billions of dollars of additional savings if it could only be applied across a bigger asset base.

But boldness was needed to break the industry's structural logjam, as there had not been a big takeover among the "seven sisters" of the international integrated oil industry since the 1980s.

Although people joke that Sir John is simply working his way through the alphabet of American oil companies, Amoco was a logical starting point. It had good assets, but its management system had atrophied, and there was no obvious successor to Larry Fuller, its long-serving chairman and chief executive who was nearing retirement.

Sir John's gamble paid off. The Amoco takeover caused BP's share price to soar even as oil prices tumbled. It is the market's confidence in Sir John, reflected in the share price, which allowed BP Amoco to make its all-share bid of Arco.

Succession problems at Arco were one of the factors which caused its management to seek a deal with BP Amoco. The fact that executive succession problems played such central roles in the two takeovers has prompted Sir John - who is not due to retire for more than nine years - to begin thinking about preparing the ground for his own departure.

"A key role of a chief executive officer is to prepare the succession," he said on Thursday, as he relaxed with a cigar at the Mermaid Theatre. "It's never too early to start." But the oil industry is betting that there will be a few more performances of the takeover king before he bequeaths his crown.

Browne's business skills are of an order not seen in the international oil industry since the turn of the century'

As for ruling by fear, they say it is an exaggeration, although one colleague concedes that Sir John does "engender a certain amount of trepidation".

Sir John has also followed Lord Simon's practice of maintaining a continuous charm offensive with the markets. There are rarely any nasty surprises from his company. Instead investors are expertly drip-fed a series of pleasant surprises, while bad news - such as write-downs on questionable investments - are usually tucked away amid a welter of positive developments.

Sir John has also brought his own qualities to the job. It was his decision to break ranks with many other international oil companies and publicly acknowledge that the threat of global warming was real and that action

Healthy profits get a check-up

Calls for regulation of the alternative health industry are growing, writes Victoria Griffith

The scenes in Australia would have made a marketing manager swoon: women fighting each other in health food shops to secure packets of a new dietary supplement that claims to eliminate cellulite.

In the US, Herbalife's Cell-U-Loss - which makes similar promises - has also been flying off the shelves, along with Chew Slim Gum (to reduce hunger pangs), CarboGuard (for carbohydrate cravings) and other herbal remedies.

There is no scientific evidence to show how these "natural" products work. The active ingredients in Cell-U-Loss, for instance, including vitamin C and potassium, have never been connected to cellulite reduction.

But with one in three Americans admitting now using "alternative" health cures, according to the New England Journal of Medicine, the US Food and Drug

Administration has begun to take an interest in what has so far been a largely unregulated industry.

It is also a very large industry. "Natural products", including functional foods, dietary supplements, and herbal remedies, have become a \$15bn-a-year (5bn) industry in the US, according to the Centre for Science in the Public Interest, a lobby group for nutrition issues. If the present fad for all things natural continues, sales are expected to grow at double-digit rates over the next decade.

Public health officials believe it is high time regulators began separating the good from the harmless and the positively dangerous.

The FDA has therefore taken to posting official warnings on the internet and in press releases, against the herbal remedies it deems most risky. These include "Chomper", a herbal laxative that may cause cardiac arrest; "Sleeping Bud-

tha", a sleeping potion that contains high doses of prescription sedatives; and "Herbal Fen-Phen", a weight-loss drug that has triggered negative reactions, including heart attacks, in at least 800 people over the past five years.

Many people confuse herbal remedies with homeopathy, although the two are very different. Homeopathy, which dates back to the 18th century, works on the principle that minute doses of what makes you ill can stimulate the body's defences to fight disease. Mainstream scientists therefore regard homeopathic remedies as not much more than sugar pills, and essentially harmless.

Herbal remedies, on the other hand, can be both effective and dangerous. Plants contain potent pharmaceuticals - up to 50 per cent of existing drugs are botanically derived. Some health claims of dietary supplements are undisputed: vitamins and minerals have

long been known to help prevent illness. Calcium supplements can help prevent osteoporosis, and Vitamin E, according to a broad, peer-reviewed Finnish study, reduces the risk of prostate cancer.

Some "new age" drugs, like St John's Wort for the treatment of depression, are also probably effective, at least for mild cases. Yet some herbal medicines also affect the body in unwanted ways. Comfrey, a wound-healing herb banned in many countries but still sold in the US, has been shown to cause liver cancer in rats.

Other herbs may cause serious problems if they interact with prescription medication. A man from the southern US state of Georgia almost died recently after taking kava kava to wear himself off the anti-anxiety drug Xanax, according to the Centre for Science in the Public Interest.

Even herbal products that are considered relatively safe carry risks. Teenage deaths have been reported in the past decade following overdoses of vitamin A, a treatment for acne. The National Nutritional Foods Association, a US trade association for health food stores, warns against taking kava kava while pregnant, although few herbal products contain that information on the label.

Labelling is another problem. Most industrialised countries require that only the levels of vitamins and minerals be clearly stated in food supplements. Other ingredients, such as herbal extracts, are not so strictly monitored. So most consumers have no idea what doses are required for a natural remedy to be effective.

The dosages in most natural medicines probably err on the side of too little, which may explain why there are so few complications from the use of these products, considering that millions of people take them.



Eastern promise: a Tibetan medical chart

Science Photo Library

Dosages may be especially low in the "functional foods" category, where how a food supplement tastes may be as, or more, important as its health claims.

Low dosages, however, do not prevent the industry from making wild health claims. "Brain Gum", which contains a soya bean extract, is sold as a memory enhancer. Robert's American Gourmet Kava Kava Corn Chips are advertised as a stress-reducer.

These claims are often based on very thin scientific evidence. Nantucket Nec-

tars' Ginkgo Mango Juice, for instance, is said to promote concentration. A few studies have indicated ginkgo may help people with Alzheimer's disease, yet there is no evidence whatsoever that it improves the functioning of normal brains.

With growing numbers of people ingesting herbal remedies, either in pill or functional food form, calls are growing for such products to be regulated as medicines. This means supporting claims with enough scientific evidence to convince

government panels.

In the past, the health food industry argued it did not have the money to sponsor research and present evidence before scientific panels.

To many public health officials, however, this argument no longer rings true. With sales of \$15bn a year, nationwide advertising on television, and a firm place on supermarket shelves, public health officials believe there is now enough money in the business to fund scientific research into the products' claims.



COMMODITIES & AGRICULTURE

Opec move pushes oil above \$15

WEEK IN THE MARKETS

By Paul Solman

World oil prices broke through \$15 a barrel to hit a 10-month high in London amid continued optimism over the effects of last week's announcement on production cuts.

Benchmark Brent blend has risen more than \$4 in little over a month as the market has drawn strength from the deal endorsed last week by the Organisation of Petroleum Exporting Countries to cut 2.1m barrels from daily output.

US prices also rose significantly, reaching more than \$16.50 a barrel compared with under \$12 in mid-February. However, prices weakened towards the end of the week, with May Brent on the International Petroleum Exchange falling close to \$14.50 at one stage. It ended on Thursday at \$14.71.

London commodities markets were closed yesterday for the Easter holiday.

Analysts said there was good reason to expect stronger prices this year, but cautioned there was still a long way to go to restore oil to pre-Asian-crisis levels.

"The average Brent price during 1998 was \$13.43 - the lowest for 22 years," GNI pointed out in its Commodity Perspective report. "Brent at \$19-\$20 is some way off but the producers have finally established a price floor." The IPE said the Opec production cuts had increased market activity, helping to boost Brent crude futures volumes to a record 600,233 lots in March.

WEEKLY PRICE CHANGES

Table showing weekly price changes for various commodities including Gold, Silver, Aluminum, Copper, Nickel, Zinc, Lead, Tin, and various oils.

WORLD BOND PRICES

Data on labour lift Treasuries

GOVERNMENT BONDS

By Vincent Boland in London and John Lahr in New York

US Treasuries rallied in an abbreviated trading session yesterday after the release of weaker than expected figures in the monthly labour report. The 30-year benchmark bond gained 1/8 at 94 1/2, sending the yield down to 5.88 per cent.

European markets were closed for the Easter holiday as well, with the two-year note up 1/4 at 99 1/2, yielding 4.91 per cent.

Job growth eased in March, with non-farm payrolls up a weaker than expected 46,000 and average hourly earnings rising 0.2 per cent. Analysts said payrolls were impacted by weather conditions during the month.

European markets were closed for the Easter holiday as well, with the two-year note up 1/4 at 99 1/2, yielding 4.91 per cent.

BENCHMARK GOVERNMENT BONDS

Table showing benchmark government bond prices and yields for various countries including Australia, Canada, Denmark, Finland, France, Germany, Greece, India, Japan, Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland, UK, and US.

BASE METALS

LONDON METAL EXCHANGE

Table showing London Metal Exchange prices for various metals like Aluminum, Copper, Lead, Nickel, Tin, Zinc, and Silver.

PRECIOUS METALS

Table showing precious metal prices including Gold, Silver, Platinum, and Palladium.

Precious Metals continued

Table showing continued precious metal prices for Gold, Silver, Platinum, and Palladium.

ENERGY

Table showing energy prices for Crude Oil, Heating Oil, and Natural Gas.

PRECIOUS METALS

Table showing continued precious metal prices for Gold, Silver, Platinum, and Palladium.

GRAINS AND OIL SEEDS

Table showing grain and oil seed prices for Wheat, Corn, Soybeans, and other commodities.

PULP AND PAPER

Table showing pulp and paper prices for various grades of paper.

INDICES

Table showing various market indices and their values.

SOFTS

Table showing soft commodity prices for Coffee, Cocoa, and Sugar.

MEAT AND LIVESTOCK

Table showing meat and livestock prices for various types of meat.

LONDON TRADED OPTIONS

Table showing London traded options for various commodities.

LONDON SPOT MARKETS

Table showing London spot market prices for various commodities.

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CURRENCIES & MONEY

Euro holds gains

MARKETS REPORT By Christopher Adams

The euro held on to tentative recent gains against the dollar on Thursday as speculation intensified that the European Central Bank may stimulate growth by cutting interest rates next week.

There was little further movement on Friday, with European markets shut for Easter holidays. Soft US employment figures had little impact, with even New York floor desks operating with skeleton staffs.

EURO SPOT FORWARD AGAINST THE EURO

Table showing Euro spot forward rates against the Euro for various currencies including the British Pound, Japanese Yen, and others.

lowing an increase in January of 0.4 per cent.

Sterling was hit as expectations grew that the Bank of England may cut interest rates from the current 5.5 per cent next week.

The softer tone was helped by a monthly purchasing managers' survey that showed the UK manufacturing sector contracting again. The pace of decline slowed, with an increase in export orders helping lift the gloom.

A Reuters poll of City economists found that most expected the Bank to cut the short-term interest rate by between 25 and 50 basis points this week. Only four out of the 27 analysts surveyed believed the monetary policy committee would keep the repo rate unchanged.

Their concerns focused on weak output growth. "If you look at the minutes of its last meeting, the committee was concerned by the downward revision to the GDP data and since then it's been revised down again," said David Hillier of Barclays Capital.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Table showing Dollar spot forward rates against the Dollar for various currencies including the British Pound, Japanese Yen, and others.

POUND SPOT FORWARD AGAINST THE POUND

Table showing Pound spot forward rates against the Pound for various currencies including the Euro, Japanese Yen, and others.

WORLD INTEREST RATES

MONEY RATES

Table showing money rates for various currencies and regions.

Table showing international currency rates for various currencies.

INTERNATIONAL CURRENCY RATES

Table showing international currency rates for various currencies.

THREE MONTH EURO LIBOR FUTURES

Table showing three month Euro Libor futures data.

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THREE MONTH EURO LIBOR FUTURES

Table showing three month Euro Libor futures data.

CROSS RATES AND DERIVATIVES

EXCHANGE CROSS RATES

Table showing exchange cross rates for various currencies.

EMU EUROPEAN CURRENCY UNIT

Table showing EMU European Currency Unit data.

BASE LENDING RATES

Table showing base lending rates for various banks.

UK INTEREST RATES

LONDON MONEY RATES

Table showing London money rates.

THREE MONTH STERLING FUTURES

Table showing three month sterling futures data.

OTHER CURRENCIES

Table showing other currency rates.

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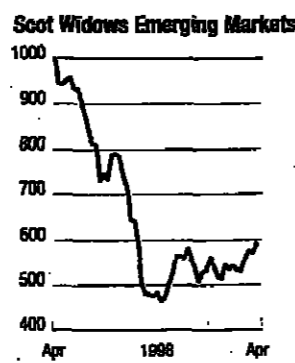
DATA BANK

UNIT TRUSTS

Winners and losers

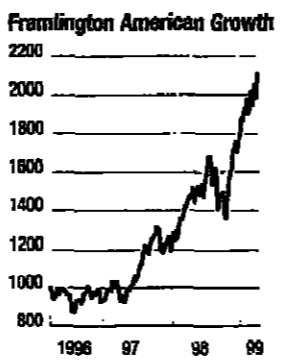
TOP FIVE OVER 1 YEAR: Fidelity American 2,039, Johnson Fry New Japan 1,800, Invesco Japan Smaller Cos 1,863, Gartmore PS Japan Sm Cos Strat 1,734, Save & Prosper Japan Sm Cos 1,591

BOTTOM FIVE OVER 1 YEAR: Perpetual Latin American Gth 564, Scot Widows Latin America 565, Scot Widows Emerging Markets 592, Edinburgh Latin America A 593, AIG Sovett Latin America 608



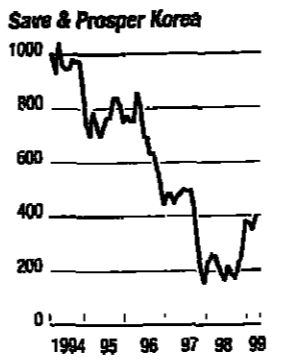
TOP FIVE OVER 3 YEARS: Fidelity American 2,987, TU European 2,350, Jupiter UK Growth Exempt 2,258, Framlington American Growth 2,108, Old Mutual North American 2,107

BOTTOM FIVE OVER 3 YEARS: Old Mutual Thailand Acc 251, Save & Prosper Gold & Exp'n 256, M&G Gold 379, Lazard Pacific Growth 407, Gartmore Gold & Inv'l Resource 425



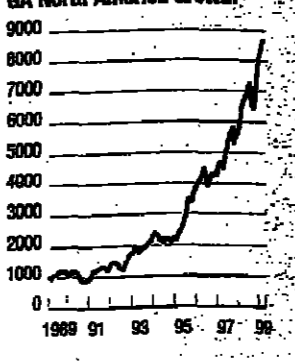
TOP FIVE OVER 5 YEARS: Fidelity American 4,203, Aberdeen Profitic Technology 3,821, GA North America Growth 3,772, Edinburgh North American A 3,318, Fidelity American Spec Sits 3,172

BOTTOM FIVE OVER 5 YEARS: Old Mutual Thailand Acc 329, Save & Prosper Gold & Exp'n 342, Save & Prosper Korea 407, Schroder Steel 458, Lincoln South East Asia 461



TOP FIVE OVER 10 YEARS: Aberdeen Profitic Technology 10,212, GA North America Growth 8,876, Fidelity American 8,885, Henderson Global Technology 7,403, Edinburgh North American A 7,398

BOTTOM FIVE OVER 10 YEARS: Barclays Japan 403, M&G Japan Acc 485, Invesco Japan Growth 545, HSBC Japan Index 589, Henderson Japan 624



Tables show the result of investing £1,000 over different time periods. Trusts are ranked on 3-year performance. Warning: past performance is not a guide to future performance.

Indices

Table with columns: Index Name, 1 year (R), 3, 5, 10, Volatility, YTD. Includes Average Unit Trust, Average Investment Trust, Bank, Building Society, Sharemarket: FTSE All-Share, Inflation.

UK Growth

Table with columns: Index Name, 1 year (R), 3, 5, 10, Volatility, YTD. Includes Jupiter UK Growth Exempt, Exeter Capital Growth, Thornhill Capital, Lloyds TSB Environmental Inv, Johnson Fry UK Growth, SECTOR AVERAGE.

UK Growth & Income

Table with columns: Index Name, 1 year (R), 3, 5, 10, Volatility, YTD. Includes Fleming Select UK Income, Fidelity Moneybuilder Index, River & Mercantile Top 100, Johnson Fry UK Income, Direct Line FTSE 100 Tracker, SECTOR AVERAGE.

UK Smaller Companies

Table with columns: Index Name, 1 year (R), 3, 5, 10, Volatility, YTD. Includes Invesco UK Small Cos Acc (ST), Henderson Exempt Capital, Laurence Ken Smaller Cos, Gartmore UK Smaller Cos Inc, BMO UK Smaller Cos, SECTOR AVERAGE.

UK Equity Income

Table with columns: Index Name, 1 year (R), 3, 5, 10, Volatility, YTD. Includes OF Gay High Income, BMO UK Equity Income, Jupiter Income, Fidelity Income Plus, Newton Higher Income, SECTOR AVERAGE.

UK Equity & Bond Income

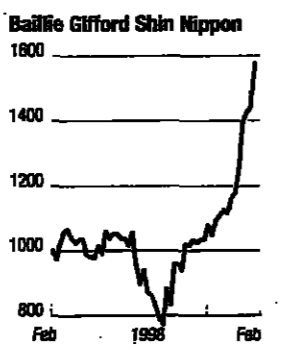
Table with columns: Index Name, 1 year (R), 3, 5, 10, Volatility, YTD. Includes Abbey National Extra Income, Edinburgh UK Income A, CIS UK Income, C&J PPT High Yield, Fidelity High Income, SECTOR AVERAGE.

INVESTMENT TRUSTS

Winners and losers

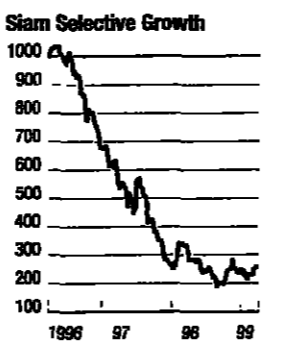
TOP FIVE OVER 1 YEAR: Invesco Japan Discovery 1,573, Fidelity Japanese Values 1,782, Atlantic Japan Growth 1,588, Baillie Gifford Shin Nippon 1,577, Invesco Korea 1,528

BOTTOM FIVE OVER 1 YEAR: First Russian Frontier 226, Foreign & Col Em Markets 476, Fleming Chinese 525, Beta Global Emerging Markets 544, Central Europe Growth Fund 556



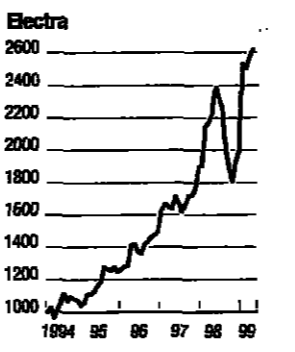
TOP FIVE OVER 3 YEARS: Foreign & Col Enterprise 3,251, Jupiter Primadona Growth 2,917, Aberdeen High Income 2,464, Shires Income 2,090, Dartmoor 2,075

BOTTOM FIVE OVER 3 YEARS: Edinburgh Java 196, East German 224, Siam Selective Growth 259, Aberdeen New Trail 288, Gwatt Asian Smaller Cos 336



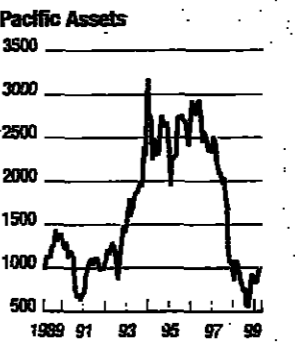
TOP FIVE OVER 5 YEARS: Foreign & Col Enterprise 4,578, Jupiter Primadona Growth 3,274, Charter European 2,689, Electra 2,618

BOTTOM FIVE OVER 5 YEARS: East German 159, Edinburgh Java 161, Siam Selective Growth 276, Gwatt Asian Smaller Cos 332, Fleming Chinese 344



TOP FIVE OVER 10 YEARS: Foreign & Col Enterprise 10,346, Candover 6,351, Jupiter Primadona Growth 6,244, Edinburgh US Tracker 5,877, Personal Assets 5,063

BOTTOM FIVE OVER 10 YEARS: Invesco Enterprise 300, Trust of Property Shares 768, Foreign & Col Em Markets 794, Baillie Gifford Shin Nippon 921, Pacific Assets 985



Tables show the result of investing £1,000 over different time periods. Trusts are ranked on 3-year performance. Warning: past performance is not a guide to future performance. For investment trust prices see main paper.

Int'l General

Table with columns: Index Name, 1 year (R), 3, 5, 10, Volatility, YTD. Includes Tribune, Personal Assets, Majedra, Witan, Alliance, SECTOR AVERAGE.

Int'l Capital Growth

Table with columns: Index Name, 1 year (R), 3, 5, 10, Volatility, YTD. Includes Jupiter Primadona Growth, Foreign & Col Spec US S, British Assets Growth, Anglo & Overseas, Henderson Electric and General, SECTOR AVERAGE.

Int'l Income Growth

Table with columns: Index Name, 1 year (R), 3, 5, 10, Volatility, YTD. Includes British Assets, Securities Trust of Scotland, Murray International, SECTOR AVERAGE.

Smaller Cos Int'l

Table with columns: Index Name, 1 year (R), 3, 5, 10, Volatility, YTD. Includes Herald, Henderson Straz, Henderson Smaller Companies, Wild Wynd International, Foreign & Col Small Cos, SECTOR AVERAGE.

UK General

Table with columns: Index Name, 1 year (R), 3, 5, 10, Volatility, YTD. Includes Fleming Coverhouse, Edinburgh UK Tracker, Foreign & Col Spec US, Invesco Capital Growth, Fidelity Special Values ELS, SECTOR AVERAGE.

UK Capital Growth

Table with columns: Index Name, 1 year (R), 3, 5, 10, Volatility, YTD. Includes Ivory & Sime SIS, Lazard & General Recovery, Broadgate, Fleming Mid Cap, Benfield & Res, SECTOR AVERAGE.

UK Inc Gth

Table with columns: Index Name, 1 year (R), 3, 5, 10, Volatility, YTD. Includes Gartmore Brit Inc & Gth Units, Temple Bar, Dunedin Income Growth, Merchants, City of London, SECTOR AVERAGE.

Smaller Cos UK

Table with columns: Index Name, 1 year (R), 3, 5, 10, Volatility, YTD. Includes Eagle, Gartmore Smaller Companies, Fleming Smaller Companies, Shires Smaller Companies, Ivory & Sime UK Small Cos, SECTOR AVERAGE.

High Income

Table with columns: Index Name, 1 year (R), 3, 5, 10, Volatility, YTD. Includes Aberdeen High Income, Shires Income, Dartmoor, Glasgow Income, Aberdeen Convertible Income, SECTOR AVERAGE.

Venture & Devt Cap

Table with columns: Index Name, 1 year (R), 3, 5, 10, Volatility, YTD. Includes Foreign & Col Enterprise, Electra, Candover, Dunedin Enterprise, Mitras, SECTOR AVERAGE.

North America

Table with columns: Index Name, 1 year (R), 3, 5, 10, Volatility, YTD. Includes Edinburgh US Tracker, Fleming American, US Smaller Companies, Foreign & Col US Small Co, North Atlantic Small Cos, SECTOR AVERAGE.

Europe

Table with columns: Index Name, 1 year (R), 3, 5, 10, Volatility, YTD. Includes Charter European, Henderson EuroTrust Units, Gartmore European, Templeton European, TR European Growth, SECTOR AVERAGE.

Japan

Table with columns: Index Name, 1 year (R), 3, 5, 10, Volatility, YTD. Includes Martin Currie Japan, Schroder Japan Growth Fund, Baillie Gifford Japan, GT Japan, Invesco Japan Discovery, SECTOR AVERAGE.

Far East Inc Japan

Table with columns: Index Name, 1 year (R), 3, 5, 10, Volatility, YTD. Includes Martin Currie Pacific, Henderson Far East Income, Foreign & Col Pacific, SECTOR AVERAGE.

Far East exc Japan, General

Table with columns: Index Name, 1 year (R), 3, 5, 10, Volatility, YTD. Includes Aberdeen Asian Smaller Co, Aberdeen New Dawn, Pacific Horizon, Henderson TR Pacific, Invesco Asia, SECTOR AVERAGE.

Far East exc Japan, Single Country

Table with columns: Index Name, 1 year (R), 3, 5, 10, Volatility, YTD. Includes Taiwan Investment, New Zealand, Invesco Korea, Aberdeen New Trail, Siam Selective Growth, SECTOR AVERAGE.

Emerging Markets

Table with columns: Index Name, 1 year (R), 3, 5, 10, Volatility, YTD. Includes Basing Emerging Europe, Souther Latin America, Foreign & Col Latin American, Templeton Latin American, Morgan Grenfell Latin American, SECTOR AVERAGE.

Closed End Funds

Table with columns: Index Name, 1 year (R), 3, 5, 10, Volatility, YTD. Includes Easter Preferred Capital, Capital Gearing, London & St Lawrence, Invesco City & Commercial, Investment Tot of Inv Trusts, SECTOR AVERAGE.

Property

Table with columns: Index Name, 1 year (R), 3, 5, 10, Volatility, YTD. Includes TR Property, Wigmore Property, French Property, Trust of Property Shares, SECTOR AVERAGE.

Split - Capital

Table with columns: Index Name, 1 year (R), 3, 5, 10, Volatility, YTD. Includes Jove Cap, Framlington Dual Cap, Fulcrum Cap, Fidelity Income & Growth Cap, Fleming Income & Growth Cap, SECTOR AVERAGE.

Split - Inc & Residual Cap Shares

Table with columns: Index Name, 1 year (R), 3, 5, 10, Volatility, YTD. Includes Johnson Fry Utilities, Johnson Fry European Utilities, Gartmore Shared Equity, Jupiter Extra Income, SECTOR AVERAGE.

Split - Income

Table with columns: Index Name, 1 year (R), 3, 5, 10, Volatility, YTD. Includes Jove Inc, Rights & Issues Inc, Framlington Income & Cap Inc, Framlington Dual Inc, Danes Inc, SECTOR AVERAGE.

Split - Zero Dividend

Table with columns: Index Name, 1 year (R), 3, 5, 10, Volatility, YTD. Includes Johnson Fry European Uni Zero, Gartmore Shared Eq Junior Zero, Jupiter Split Zero, Gartmore Brit Inc & Gth Zero, Guinness Flight Extra Inc Zero, SECTOR AVERAGE.

Volatility

Shows the absolute variability of a trust's performance. As a rule of thumb, the more volatile a fund's progress, the higher the return investors demand from it to compensate for the additional risk.

Yield

Even this has traps for the unwary. Most unit trusts charge their management expenses against income, so the yield is net of expenses. But a recent rule change means that trusts are allowed to charge some or all of their management expenses to capital, thus inflating the yield. Our managed funds pages identify those trusts which charge to capital.

Peps

Some unit and investment trusts can be put into a general personal equity plan which shields investors against income and capital gains tax. The rules are that you can put £6,000 into a general pep and a further £10,000 into a single company pep. Up to £1500 can be put into non-qualifying funds but to qualify for the full £6,000 allowance, at least half of a trust's assets must be in European Union shares or qualifying corporate bonds. Peps will be replaced with the individual savings account in April 1999, which has different rules, but existing Peps will continue to operate.

Discount

Investment trust shares traditionally sell for less than their underlying asset value. The gap between the two is known as the discount. In the 1974 bear market, discounts were as wide as 45 per cent and although they have mainly narrowed to well under 10 per cent in recent years, they add an additional uncertainty to investment trust share prices.

Split capital trusts

Caution: if you do not already know what they are, you would probably be wise to avoid them. They are companies with more than one class of share capital. The traditional variety is relatively simple: income shares get all the income, capital shares get any capital growth over the life of the trust. But nowadays splits are highly complex with several different types of security with differing rights, and aimed to satisfy different investment needs.

Performance

Tables like these are full of traps for the unwary. Trap 1: don't expect them to tell you which trusts will do best in future - they are merely a historic record. Trap 2: don't make minute comparisons of unit and investment trusts - the unit trust figures take account of the spread between buying and selling prices: the investment trust ones take mid-market prices in both cases. So comparisons flatter investment trusts.

Handwritten Arabic text: كسب من المال



Authorised Investment Funds

FT Managed Funds Service provides a comprehensive list of authorised investment funds, including their names, managers, and performance data.

Main table listing various investment funds such as Aberdeen Pacific, Alliance & Leicester, and City of London. Columns include fund name, manager, and performance metrics.

OFEX FACILITY: An unregulated trading facility for shares dealing in unquoted companies. Includes a list of companies and their prices.

EASDAQ: A table listing EASDAQ companies with columns for company name, bid price, change, volume, and high/low prices.

Guide to pricing of Authorised Investment Funds: A detailed guide explaining how to interpret fund prices, including sections on bid/offer spreads, net asset value, and other pricing factors.



FT MANAGED FUNDS SERVICE

FT Managed Funds Service is available over the telephone. Call the FT Managed Funds Helpline on (44 1753) 873 4276 for more details.

Table of financial data for various fund managers and funds, including columns for fund name, manager, and performance metrics.

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PROPERTY UNIT TRUSTS

Always Unit Trust Managers Ltd (2000F)
Property Unit Trusts
Detailed text describing property unit trusts and their management.

INSURANCES

AXA Assurance
Detailed text describing insurance services and providers.

Table of financial data for various insurance and property unit trusts, including columns for fund name, manager, and performance metrics.

Handwritten Arabic text: 'صكرا من الاصل'







FT MANAGED FUNDS SERVICE

FT Offshore Unit Trust Prices are available over the telephone. Call the FT Offshore Help Desk on (+44 1773) 4778 for more details.

OFFSHORE AND OVERSEAS

BERMUDA (FSA RECOGNISED)

Table listing Bermuda funds including Fidelity Currency Funds, Fidelity International Funds, and Fidelity Growth Funds.

BERMUDA (REGULATED)\*\*

Table listing Bermuda regulated funds including Avantage Investment Management Ltd, Avantage Growth Fund, and Avantage International Fund.

CAYMAN ISLANDS (REGULATED)\*\*

Table listing Cayman Islands regulated funds including Adelphi Europe Fund, Adelphi Global Fund, and Adelphi International Fund.

Table listing various international funds including Royal Bank of Canada US Fd Mgrs Ltd, ANZ Global Equity Fund, and ANZ Global Bond Fund.

Table listing various international funds including ANZ Global Equity Fund, ANZ Global Bond Fund, and ANZ Global Dividend Fund.

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Table listing various international funds including ANZ Global Equity Fund, ANZ Global Bond Fund, and ANZ Global Dividend Fund.

Advertisement for Macmillan Cancer Relief: 'CANCER HITS 1 IN 3. GIVE YOUR WORKFORCE A CHANCE TO FIGHT BACK.' Includes contact information for Macmillan Cancer Relief.

Handwritten Arabic text: 'صكرا من الاصل'







FT MANAGED FUNDS SERVICE

Offshore Insurances and Other Funds

FT Cytene Unit Trust Prices are available over the telephone. Call the FT Cytene Help Desk on (44 177) 879 4276 for more details.

Table listing various fund categories including 'Other Offshore Funds' and 'Global Asset Management - Contd.' with columns for fund names, prices, and performance metrics.

Table listing various fund categories including 'Global Asset Management - Contd.' and 'Global Property Assets' with columns for fund names, prices, and performance metrics.

Table listing various fund categories including 'Global Property Assets' and 'Global Convertible' with columns for fund names, prices, and performance metrics.

Table listing various fund categories including 'Global Convertible' and 'Global Equity' with columns for fund names, prices, and performance metrics.

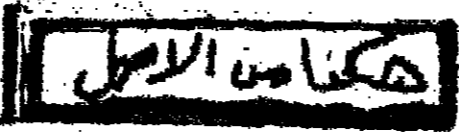
Advertisement for State Street with text: 'KNOWING YOUR INVESTORS IS ONE THING. KNOWING COUNTLESS DERIVATIVES IN 20 LANGUAGES IS ANOTHER.' Includes State Street logo and 'Serving Institutional Investors Worldwide'.

MANAGED FUNDS NOTES: Information regarding fund management, including details on fees, performance, and contact information for the FT Managed Funds Service.

Handwritten Arabic text: 'صك من الاموال' (Check of money).

Footnote: 'Footnote' and other small text at the bottom right corner.





LONDON STOCK EXCHANGE

Footsie retreats after hitting intra-day peak

MARKETS REPORT

By Steve Thompson, UK Stock Market Editor

The first day of the second quarter and the last trading session of the financial year saw the FTSE 100 index burst through its previous intra-day record but ultimately fail to set a new closing high.

But any worries that the index might have peaked in the short term were shrugged aside by many of the City's marketmakers who insisted that London stocks, along with most European markets, were strongly underpriced by the prospect of interest rate

cuts, in the UK and across the euro-zone, in the near term. "We got through the intra-day high with no real struggle and we'll get through 6,400 soon as well, as long as Wall Street behaves reasonably," said one dealer.

There was plenty of fun and games in the market as Thursday's session drew to a close, but the FTSE 100 never looked likely to hang on to its best gains, and eventually finished only a handful of points below its closing record of 6,386.7, set in March.

But that closing level was well away from the day's highs, which saw the FTSE 100 falter on the brink of 6,400, having cruised

through its previous peak, 6,386.5, in mid-afternoon. The market's inability to thrust through 6,400 was put down to the distrust by many institutions of Wall Street's ability to maintain current levels.

The Dow Jones Industrial Average fell heavily overnight, sliding another 127 points, for a two-session decline of in excess of 400 points. It made further progress at the start of US trading on Thursday only to give back most of its initial gains later in the session.

London's second-tier stocks suffered at the hands of the market leaders, with the FTSE 250 in negative territory all day and

finally 21.9 off at 5,459.2 after touching a session low of 5,450.7. The second-liners were unsettled by the absence of many of the much-hyped takeover rumours so prevalent in the market recently. Pilkington shares, one of the best performers, fell away as the much-rumoured bid failed to emerge.

The FTSE SmallCap index delivered another comforting, quietly positive performance, finishing up 5.1 at 2,405.0. The day's economic news was viewed as mostly positive for the market, adding to the clamour for another cut in domestic interest rates. The UK Purchasing Managers' index for manufactur-

ing came in higher than the previous month but still below the 50 level, indicating that the manufacturing sector is still contracting.

That was only partly offset by a much more positive survey of the retail sector last month by the Confederation of British Industry.

Strategists noted the market's more positive tone. "I think the market range has now been ratcheted up to 6,300-6,500 on the FTSE 100, a move governed by the retail growth prospects," said Richard-Jeffrey, group economist at Charterhouse Securities.

Turnover in equities was a healthy 1.2bn shares,

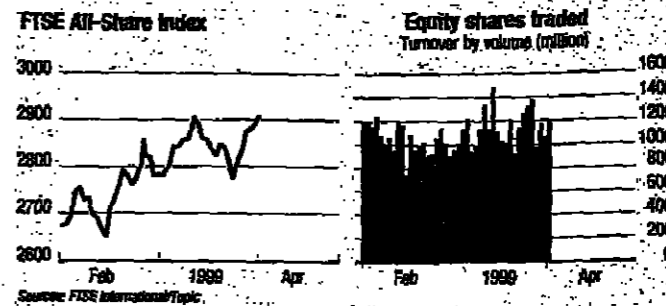


Table with 2 columns: Indices and ratios, and values. Includes FTSE 250, FTSE 350, FTSE All-Share, FTSE All-Share yield, FT 30, FTSE Non-Fin p/e, FTSE 100 FT Apr, 10 yr Gilt yield, Long gilt quarterly yield ratio.

Table with 2 columns: Equity shares traded, and values. Includes FTSE 100 Index, Closing Index Apr 1, Change over week, Mar 29, Mar 30, Mar 31, Apr 1, High, Low, % day-high and low for week.

TRADING VOLUME IN MAJOR STOCKS

Table listing trading volume for various stocks including BP, Shell, British Telecom, etc.

EQUITY FUTURES AND OPTIONS TRADING

Table showing futures and options trading data for FTSE 100, FTSE 250, and FTSE 350.

Hanson takes break after surge

COMPANIES REPORT

Hanson paused for breath from its strong run as it came off its highest price for years, ending at 335 1/2. It has found favour with investors who expect the company to play a leading role in the consolidation of the European building industry, and this enthusiasm has made the stock one of the best performers in the FTSE 100 index since the start of last year, during which time it has doubled in price.

MAIN MOVERS

Table listing main movers in the market, including FTSE 350, FTSE 250, and FTSE 100.

FT 30 INDEX

Table showing FT 30 index performance across various sectors.

FTSE - LEADERS & LAGGARDS

Table listing FTSE leaders and laggards.

RISES AND FALLS

Table listing rises and falls in the market.

NEW 52 WEEK HIGHS AND LOWS

Table listing new 52 week highs and lows.

RIGHTS OFFERS

Table listing rights offers.

The UK Series

Table listing UK series data.

LIFE EQUITY OPTIONS

Table listing life equity options.

LONDON RECENT ISSUES: EQUITIES

Table listing London recent issues: equities.

FTSE Actuaries Share Indices

Table listing FTSE Actuaries share indices.

Hourly movements

Table listing hourly movements.

STOCK MARKET TRADING DATA

Table listing stock market trading data.

STOCK MARKET TRADING DATA

Table listing stock market trading data.

Large table at the bottom of the page containing various market data, including FTSE 100, FTSE 250, FTSE 350, and other indices.



LONDON SHARE SERVICE

AEROSPACE & DEFENCE

Table listing companies in the Aerospace & Defence sector, including names like BAE Systems, BAe Dynamics, and British Aerospace.

AUTOMOBILES

Table listing companies in the Automobiles sector, including names like Ford, Jaguar, and Land Rover.

BANKS

Table listing companies in the Banks sector, including names like HSBC, Citigroup, and Royal Bank of Scotland.

BEVERAGES

Table listing companies in the Beverages sector, including names like Diageo, Heineken, and Unilever.

CHEMICALS

Table listing companies in the Chemicals sector, including names like ICI, DuPont, and BASF.

DISTRIBUTORS

Table listing companies in the Distributors sector, including names like Marks & Spencer and Debenhams.

ENERGY

Table listing companies in the Energy sector, including names like British Petroleum and Shell.

FOOD & DRUG RETAILERS

Table listing companies in the Food & Drug Retailers sector, including names like Asda and Sainsbury's.

FOOD PRODUCERS & PROCESSORS

Table listing companies in the Food Producers & Processors sector, including names like Unilever and Nestle.

HOUSEHOLD GOODS & TEXTILES

Table listing companies in the Household Goods & Textiles sector, including names like Next and Debenhams.

ENGINEERING & MACHINERY - Continued

Table listing companies in the Engineering & Machinery sector, including names like BAE Systems and Rolls-Royce.

HEALTH

Table listing companies in the Health sector, including names like AstraZeneca and GlaxoSmithKline.

INVESTMENT COMPANIES - Continued

Table listing companies in the Investment Companies sector, including names like Schroders and Fidelity.

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FOOD PRODUCERS & PROCESSORS - Continued

Table listing companies in the Food Producers & Processors sector, including names like Unilever and Nestle.

HOUSEHOLD GOODS & TEXTILES - Continued

Table listing companies in the Household Goods & Textiles sector, including names like Next and Debenhams.

FORESTRY & PAPER

Table listing companies in the Forestry & Paper sector, including names like Wiggins Teape and Newsprint.

GAS DISTRIBUTION

Table listing companies in the Gas Distribution sector, including names like British Gas and Cadent.

GENERAL RETAILERS

Table listing companies in the General Retailers sector, including names like Asda and Sainsbury's.

INFORMATION TECHNOLOGY HARDWARE

Table listing companies in the Information Technology Hardware sector, including names like HP and Dell.

INSURANCE

Table listing companies in the Insurance sector, including names like Aviva and Allianz.

INVESTMENT COMPANIES

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صكرا من الاميل



LONDON SHARE SERVICE

TOBACCO - Continued

Table of tobacco stock prices including companies like British American Tobacco and Imperial Tobacco.

MINING - Continued

Table of mining stock prices including Anglo American, De Beers, and Anglo Platinum.

REAL ESTATE - Continued

Table of real estate stock prices including Land Securities and British Land.

SPECIALITY & OTHER FINANCE - Continued

Table of speciality and other finance stock prices including various investment trusts.

STEEL & OTHER METALS

Table of steel and other metals stock prices including British Steel and Corus.

TRANSPORT - Continued

Table of transport stock prices including British Airways and Virgin Atlantic.

WATER

Table of water utility stock prices including Thames Water and Severn Trent.

AMERICANS

Table of American stock prices including Coca-Cola and Microsoft.

CANADIANS

Table of Canadian stock prices including Royal Bank and Canadian Pacific.

LEISURE, ENTERTAINMENT & HOTELS

Table of leisure, entertainment, and hotels stock prices including Virgin Media and British Airways.

OIL & GAS

Table of oil and gas stock prices including BP and Shell.

PACKAGING

Table of packaging stock prices including Tetra Pak and Amcor.

RESTAURANTS, PUBS & BREWERIES

Table of restaurants, pubs, and breweries stock prices including Carlsberg and Asahi.

SOFTWARE & COMPUTER SERVICES

Table of software and computer services stock prices including British Sky Broadcasting.

TELECOMMUNICATIONS SERVICES

Table of telecommunications services stock prices including British Telecommunications.

TUBACCO

Table of tobacco stock prices including British American Tobacco.

TRANSPORT

Table of transport stock prices including British Airways.

REAL ESTATE

Table of real estate stock prices including Land Securities.

PERSONAL CARE & HOUSEHOLD PRODUCTS

Table of personal care and household products stock prices including Unilever and P&G.

PHARMACEUTICALS

Table of pharmaceutical stock prices including AstraZeneca and GlaxoSmithKline.

REAL ESTATE

Table of real estate stock prices including British Land.

SPECIALITY & OTHER FINANCE

Table of speciality and other finance stock prices including various investment trusts.

TRANSPORT

Table of transport stock prices including British Airways.

WATER

Table of water utility stock prices including Thames Water.

AMERICANS

Table of American stock prices including Coca-Cola.

CANADIANS

Table of Canadian stock prices including Royal Bank.

SOUTH AFRICANS

Table of South African stock prices including Anglo American.

Advertisement for 'Imagine this page updated before your eyes.' featuring the Interactive Investor website (www.iii.co.uk).

TRADED INDEX SECURITIES

Table of traded index securities including FTSE 100 and FTSE 250.

AIM

Table of Alternative Investment Market (AIM) securities.

GUIDE TO LONDON SHARE SERVICE

Price and trading information for the London Share Service as offered by Financial Times Information. Includes details on data sources, pricing, and contact information.

FT Free Annual Reports Club

Information about the FT Free Annual Reports Club, including details on how to access reports and subscription information.

FT Cityline

Information about the FT Cityline service, including details on how to access real-time share prices and market data.

The FT web site

Information about the FT web site, including details on how to access online share prices and market news.

ns - will be

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Percentage return since Day 1

Advertisement for 'LIVE TELEPHONE ANSWERING IN YOUR COMPANY NAME' with a 'messagemail' logo.

Advertisement for 'UNIVERSAL ADVERTISING' with a 'UNIVERSAL ADVERTISING' logo.

Advertisement for 'Technical Analysis Software' with an 'INDEVA' logo.



WORLD STOCK MARKETS

Highs & Lows shown on a 52 week basis

NORTH AMERICA

UNITED STATES (Apr 1/US\$)

Table of US stock market data including S&P 500, Dow Jones, and various sector indices.

EUROPE (EMU) Prices in €

Table of European stock market data for EMU countries including Germany, France, Italy, and others.

EUROPE (NON-EMU)

Table of European stock market data for non-EMU countries including UK, Spain, and others.

ASIA

Table of Asian stock market data including Japan, Hong Kong, and other regional markets.

AFRICA

Table of African stock market data including South Africa and other regional markets.

INDICES

Table of various stock indices and their performance metrics.

US INDICES

Table of US-specific stock indices and market data.

AFRICA

Table of African stock market indices and data.

ASIA

Table of Asian stock market indices and data.

PACIFIC

Table of Pacific stock market indices and data.

INDEX FUTURES

Table of stock index futures contracts and their prices.

COMMODITIES

Table of commodity prices for various goods and metals.

CURRENCY

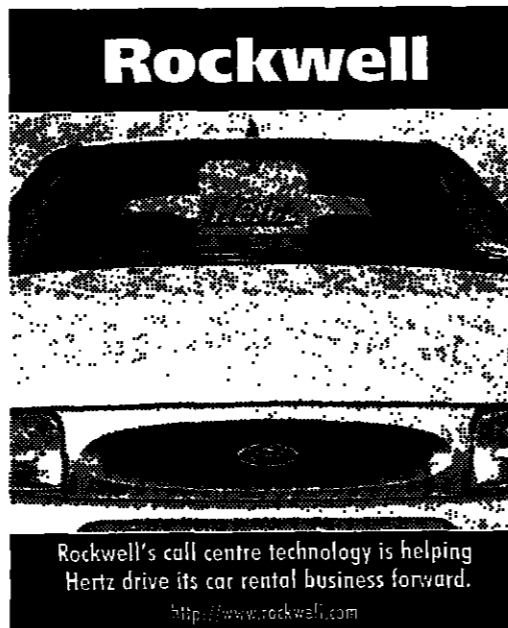
Table of currency exchange rates for major world currencies.

BONDS

Table of government and corporate bond yields and prices.

MARKETS

Table of market activity and volume data for various exchanges.



Vertical handwritten text on the right margin: 'Morgan's list Don back more 4.1.11'

Handwritten Arabic text at the bottom center: 'السوق من الارتفاع'



WORLD STOCK MARKETS

Mergers lift Dow back above 9,800

AMERICAS

A series of merger announcements helped to lift Wall Street on Thursday, sending the Dow Jones Industrial Average back above 9,800, writes John Labate in New York.

The equity markets were closed yesterday, although US Treasuries traded in an abbreviated session.

On Thursday, the Dow closed up 46.35 to 9,832.51, the broader Standard & Poor's 500 index gained 7.40 at 1,288.77, and the Nasdaq composite, weighted in high-tech shares, was 32.32 higher at 2,498.72.

ADR shares of BP Amoco were down 5% at \$95 1/2 after the company said it had struck a deal to buy Atlantic Richfield. Shares of Arco were 1/2% lower at \$7 1/2.

Yahoo confirmed that it would acquire webcaster Broadcast.com. Shares of Yahoo ended \$11 1/2 higher at \$79 1/2 after an analyst at J.P. Morgan raised the stock to a "buy" rating and set a 12-month price target of \$250.

In the third large deal announced on Thursday, broadcaster CBS fell 8% to \$9 1/2 after saying it would buy Kingworld Productions. The deal sent Kingworld shares up 1/2 to \$31 1/2.

Silicon Graphics lost 3 1/2% to \$13 after the company warned about a wider-than-expected loss in its forthcoming quarterly report.

A series of analyst comments helped to send telecom shares higher. SBC Communications rose 5 1/2% to \$49 1/2 after analysts at Lehman Brothers and J.P. Morgan raised it to a "buy" rating.

break were the main ingredients of the upturn. The all share index closed up 20.1, at 6,402.5 while industrials put on 18.3 at 7,483.7. Golds, boosted by firmer bullion, improved 27.1 to 2,903.8. In blue chips, Anglo rose 0.7 to \$221.40.

South Africa's Johannesburg reversed a four-day losing run on Thursday thanks to a modest rally in late trading.

Brokers said a good showing by the rand plus short-covering ahead of the Easter

ASIA PACIFIC

Shares in TOKYO surged ahead on the first day of the 1998 fiscal year, but dropped back yesterday amid investor caution ahead of Monday's release of the tankan business survey by the Bank of Japan, writes Naoko Nakamae.

The Nikkei 225 Average rose 3.1 per cent to 40,977.10 on Thursday, but yesterday edged back 37.37 to finish at 18,290.19 after trading between 16,453.50 and 18,243.46.

But other indices started the new fiscal year with two consecutive days of gains. The weighted Nikkei 300 index rose 3 per cent to 7,744.20 on Thursday, and yesterday added a further 0.71 to 7,823.33. The broader Topix index of first-sector stocks climbed 2.5 per cent

to 33.22 to 1,800.44 on Thursday, and yesterday gained another 3.73 to 1,904.17.

Volume was heavy on both days, with 725m shares traded on Thursday and 615m yesterday.

The electric machinery sector was the best performer

ing yesterday, rising 2 per cent, led by the rally in Mitsubishi Electric.

Mitsubishi Electric, which was the most heavily traded stock of the day, rose Y15 to Y450 after the company announced sweeping restructuring plans.

Fujitsu, which announced last month that it would purchase Nisho Iwai's stake in Nifty, an online service provider, hit a record high of Y2,030 before closing at Y2,000, up Y82. In Osaka, the OSE index closed 33.51 higher at 17,547.74.

KUALA LUMPUR, 4.9 per cent higher on Thursday after Standard & Poor's upgraded the nation's sovereign rating, climbed another 5 per cent, reflecting a sharp fall in interbank rates. The composite index rose 12.51 to 540.07.

BANGKOK was flat in the absence of foreign demand with the SET index registering a rise of 0.25 to 357.10. A strong performance in the banking sector on Thursday had lifted the market 1.7 per cent.

TAIPEI saw rising inflows of foreign equity funds which drove the weighted index decisively above recent resistance for a close above 7,200. The index put on 213.85 or 3.1 per cent to a four-month high of 7,232.51.

The market rose 2 per cent on Thursday as investors extended positions in plastics on expectations that rising world oil prices would shore up the market for local petrochemical products.

On Thursday, HONG KONG staged a strong finish, to close above the 11,000 mark on the Hang Seng index, lifted by gains in buying. The blue-chip index finished up 130.78 or 1.2 per cent at 11,072.98, its high point for the day.

SEOUL moved ahead strongly on Thursday as domestic institutions restocked their portfolios for the new financial year. Blue chips surged across a broad front and at the close the Kospi index was up 17.91 or 2.9 per cent at 636.89. Trading volume topped 200m shares, up more than 20 per cent on Wednesday's levels.

PoSCO jumped Won1,400 to Won56,000 and SK Telecom Won56,000 or 6.9 per cent to Won570,000. Affiliates of the Hyundai group led the activity charts. Hyundai Engineering was the most active stock, gaining Won500 to Won9,100 in 9.2m shares traded.

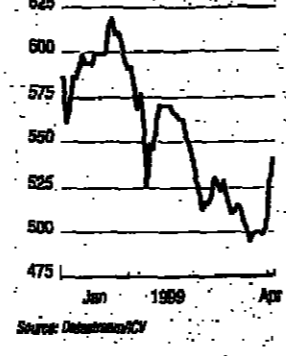
FTSE Actuaries Share Indices

FTSE Actuaries Share Indices

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Tokyo edges lower ahead of tankan release



Source: DataStream/ICF

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FTSE Actuaries Share Indices

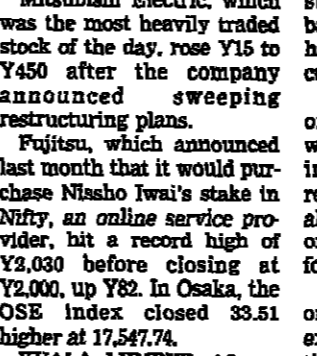
FTSE Actuaries Share Indices

FTSE Actuaries Share Indices

FTSE Actuaries Share Indices

FTSE Actuaries Share Indices

Athens rebounds after Kosovo slip



Source: DataStream/ICF

With most European markets closed yesterday, it was left to ATHENS to provide much of the day's action, and it did so in spectacular style.

The general index, down 11 per cent over the two previous sessions on worries about developments in Kosovo, rebounded 5.0 per cent as retail investors returned to the market in droves.

However, analysts cautioned that the rebound was not a reliable indicator of market direction in the near term because Kosovo remained a major concern.

The index jumped 182.10 to 3,303.49 as banks and industrial shares gained more than 6 per cent.

On Thursday, FRANKFURT ended above the 4,900 level on the Xetra Dax index for the first time in eight sessions with the benchmark up 35.54 at 4,901.81.

Mannesmann racked up the most impressive performance, gaining €7.20 to €124.20 after Morgan Stanley Dean Witter turned more positive on the stock.

The broker lifted its price target by €15 to €150. BASF was also firm on broker optimism, adding €1.23 to €36.01.

BMW stayed flat in spite of the overnight news of a

UK government aid package for the group's troubled Rover plant. The shares ended up 50 cents at €605.50.

PARIS rose on Thursday with weakness for the heavyweight oil sector counter-balanced by strong gains in motors and at France Telecom. The CAC 40 index added 31.97 at 4,239.85.

Elf Aquitaine met continued profit-taking after the recent oil price-driven rally, dipping €4.30 to €121.50. In motors, Renault rose 67 cents to €33.30 and Peugeot €3.90 to €137.

Telecoms stayed in favour right across Europe. France Telecom was an obvious beneficiary, rising €2.40 to €77.30 for a two-day gain of 7.5 per cent.

MILAN was easier after a largely quiet day's trade, enlivened by further activity in the telecoms and banking sectors. The Mibtel index finished 167 weaker at 24,835.

Heavily traded Telecom Italia shares slipped 4.3 per cent to €9.42, after Olivetti admitted at meetings with analysts on Wednesday that it had bungled the sale of Telecom shares earlier this week. Olivetti lost 3.6 per cent to €2.75. Tim added 0.6

per cent to €5.34 as expectations grew that Telecom's takeover bid for the cellular telecoms group would win approval from shareholders.

San Paolo-IMI shares slipped 0.1 per cent to €15 and Banca di Roma was 1.9 per cent down at €1.47 as the Roman bank cooled to San Paolo's offer.

The market was said to be slightly disappointed by San Paolo's outline of profit estimates and other figures to analysts on Wednesday. San Paolo said it had not yet started talks with Banca di Roma on an industrial plan.

STOCKHOLM reversed early losses to close with gains, helped higher by telecoms group Ericsson and insurer Skandia. The general index finished 15.02 higher at 3,446.85.

Ericsson gained SEK2.50 to SEK202.50, helped by expectations that China planned to adopt the CDMA mobile telephone standard alongside GSM technology. Analysts said this would boost Ericsson's stake in China, its largest single market.

Skandia put on SKR5 on rumours of further restructuring in the Nordic insurance market.

LONDON STOCK EXCHANGE - DEALINGS

- List of financial instruments including PLCs, ADRs, and other securities with their respective prices and details.

Alternative Investment Market

- List of alternative investment products and their details.

Overseas Borrowers

- List of overseas borrowers and their financial details.



## NEWS DIGEST

## DISTRIBUTORS

## Inchcape sells marketing interests in Middle East

Inchcape appears on target to return at least 100p a share to investors, after announcing the sale of its marketing interests in the Middle East for \$116m (£72m). The purchaser is Cupola Investments, part of the Cupola Group, a Dubai-based development capital, information services and consumer group. This marks another step towards completing Inchcape's disposal programme announced a year ago, when the group decided to concentrate on its motor interests. The shares rose 3p to 145p in London on Thursday. So far deals agreed have generated proceeds of £518m. The sale of the final sizeable business, the Asia-Pacific office automation subsidiary, is expected by the end of June. Analysts forecast this would raise about £50m, taking total proceeds to some £670m, beating earlier expectations. Maggie Urry

## INSURANCE

## Writ against Equitable Life

An action group objecting to Equitable Life's treatment of policyholders with guaranteed annuities has issued a writ against the UK insurer. It said it was taking the action because it did not feel all the issues involved in the controversy would be dealt with by a High Court test case initiated by Equitable and scheduled for July.

The dispute has arisen over Equitable's treatment of 100,000 policyholders with annuity guarantees. The guarantees were given on certain pension policies in the 1980s, 70s, and 90s when annuity rates were much higher than today. A typical guarantee might pledge an annuity rate of 11 per cent on the final pension pot, compared with about 6 per cent today. However, Equitable is cutting final bonuses where policyholders elect to exercise the guarantee, meaning they could be no better off in retirement than with an annuity at current rates. The writ issued by Keith Summerside is supported by the Equitable Life Guaranteed Annuity Action Group. It claims Equitable is not meeting its obligations under the wording of Mr Summerside's policy document. Christopher Brown-Humes

## PROPERTY

## Cleveland agrees £33m bid

The board of Cleveland Trust, the UK property concern, has recommended a £33m cash bid from Ashtenne Holdings, a rival, though it believes the offer does not fully value the company. The board decided to recommend the 11p-a-share offer because it was aware some shareholders would welcome an opportunity to sell their investments. It said that, in common with other small listed property companies that had been "shunned" by investors, its shares had traded at a significant discount to its historic net assets late last year. The directors also believed there had been a "significant increase" in the value of the portfolio during the year. The announcement came after the market closed on Thursday when Cleveland shares were unchanged at 116½p, down from a 12-month high of 131p. Ashtenne already has an option to buy a 28.4 per cent holding in Cleveland. Ashtenne was advised by Cazenove; Cleveland by Hawkpoint Partners. Virginia Marsh

## ENGINEERING

## TT to respond in Hall battle

The battle for control of Hall Engineering escalated as TT Group made clear it would respond to an £82.8m management buy-out plan. The MBO team, backed by Candover, has won the support of shareholders with more than 52 per cent of the shares. However, the undertakings can be cancelled if higher offers emerge. TT will have to pay not less than 170p a share to win M&G's 13 per cent stake. The MBO offer is worth 155p a share, a 14 per cent premium to last week's increased offer of 136p a share from TT, which launched its hostile bid in January with an offer of 97p. Shares in Hall - 70p before TT took an interest - closed up 14½p at 155p on Thursday. David Blackwell

## BUILDERS' MERCHANTS

## Travis Perkins £11.5m purchase

Travis Perkins, the UK builders' merchant, is buying 15 outlets for a total of £11.5m cash. Nine are in London and Essex and are being bought from Smith and Sons, a private company. Six other outlets are independent branches in Glasgow, Bletchley, Watford, Kidwelly, Ottershaw and Totnes. The outlets have total annual sales of £20.3m. Travis now has 304 outlets. Charles Pretzlik

## TANJONG PUBLIC LIMITED COMPANY

(Incorporated in England 1926 - Registration No. 210874)  
(Registered as a foreign company in Malaysia - No. 990503-V)

## NOTICE OF PROPOSED FINAL DIVIDEND AND CLOSURE OF BOOKS

NOTICE IS HEREBY GIVEN that a final dividend of 15.34 sen per share (after having taken account of Malaysian Income Tax at 25%) in respect of the financial year ended 31 January 1999 has been recommended by the Directors for approval by the members at the Seventy-Second Annual General Meeting of the Company. Subject to the following paragraphs, the dividend, if approved, will be paid on 13 August 1999 to shareholders on record of the Company at the close of business on 16 July 1999.

The Register of Members of the Company will be closed from 17 July 1999 to 24 July 1999 (both dates inclusive) for the purpose of determining shareholders' entitlement to the dividend.

Registrable transfers received by the Company's Branch Registrars in Malaysia, Sigmet & Co. Sdn Bhd, at 11th Floor, Tower Block, Kompleks Antarabangsa, Jalan Setiwa, 50250 Kuala Lumpur, Malaysia, or the Company's Principal Registrars in the United Kingdom, IBC plc at Balfour House, 390/398 High Road, Hove, East Sussex BN1 1NQ, England, up to the close of business at 5.00 p.m. on 16 July 1999 will be registered before entitlement to the dividend is determined.

A holder of a securities account maintained with the Malaysian Central Depository Sdn Bhd, ("Depositor") shall qualify for entitlement only in respect of:

- shares deposited into the Depositor's securities account before 12.30 p.m. on 14 July 1999 (in respect of shares which are exempted from mandatory deposit);
- shares transferred into the Depositor's securities account before 12.30 p.m. on 16 July 1999 in respect of ordinary transfers; and
- shares bought on the Kuala Lumpur Stock Exchange on a cum entitlement basis according to the rules of the Kuala Lumpur Stock Exchange.

By Order of the Board

Sivagany Ramasamy

Secretary

1 April 1999

Level 30 Menara Maxis

Kuala Lumpur City Centre

50088 Kuala Lumpur

Malaysia

## US investigation into big Biotech investor

By Clay Harris,  
Banking Correspondent

One of the largest investors in British Biotech is under investigation in the US over share trades that led the London Stock Exchange to fine two leading securities firms a total of £350,000 this week.

Oechsle International Advisors, a Boston-based investment manager, holds more than 10 per cent of British Biotech's shares for its discretionary clients, according to its most recent disclosure to the LSE.

Oechsle said yesterday it had been notified that the US Securities and Exchange Commission was conducting

an inquiry into trades for accounts placed by a single portfolio manager, who had been placed on administrative leave.

On Tuesday, The London exchange fined ABN Amro Equities (UK) £250,000 and Morgan Stanley Securities £100,000 for "misconduct" after they took orders including instructions to move a share price.

The identification of British Biotech was confirmed by individuals familiar with the investigations.

British Biotech said yesterday it had "absolutely no knowledge" it was the share involved. It was made clear earlier this week, however, that investigators would not

necessarily contact a company under the circumstances.

Oechsle said the individual involved "managed only a small number of accounts with a specialised management approach", representing about 5 per cent of the firm's funds under management.

Two people, one in New York and one in London, have left ABN Amro because of the affair, while Morgan Stanley dealt with the matter internally in a way that did not involve any dismissals. Both banks declined to comment yesterday.

The LSE said the breach of rules happened once in Morgan Stanley's case, on Sep-

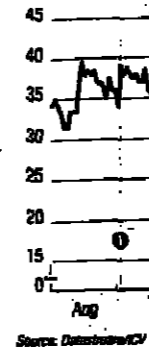
tember 2 1998. The action against ABN Amro was based on "unusual trading activity in October". The breaches fell short of "manipulation" as it was said there was no evidence share prices were affected.

But British Biotech shares jumped nearly 15 per cent, by 5p to 39p, on September 2, and were volatile throughout October. The company, whose shares have since plummeted to 16½p, made few new announcements during those months.

Elliot Goldstein formally replaced Keith McCullagh as chief executive at the annual meeting on September 23, but British Biotech had announced his appointment

## British Biotech

Share price (pence)



Source: DataStream

on August 25 and Dr McCullagh's resignation in May. Oechsle's disclosed interest in British Biotech

has more than doubled since July. Additional reporting by Virginia Marsh

## MCI WorldCom faces C&amp;W lawsuit

By Richard Rivlin

Cable and Wireless, the UK telecommunications group, has sued MCI WorldCom alleging that it has broken the terms of its \$1.75bn (£1.08bn) deal to sell its internet business to C&W.

The disposal by MCI WorldCom, which was completed last July, had been demanded by US and European regulators as a condition for approving the \$37bn merger between MCI and WorldCom.

C&W's 23-page writ alleges that MCI WorldCom

has "failed to provide key customer information", "transfer all necessary personnel", or "provide necessary services, systems and support".

It goes on to allege that MCI WorldCom impeded C&W's ability to operate the internet business and targeted former MCI customers for marketing purposes. As a result of its grievances, C&W believes it has lost a number of internet customers coupled with revenue and marketing opportunities.

C&W has lodged the lawsuit in the US District Court

in Delaware, with a jury trial demanded.

C&W would not comment on the amount in question but one industry observer suggested the future value placed on lost customers could run into tens of millions of dollars.

Danny Matteucci, chief executive officer of C&W USA, said: "We'll do whatever it takes to protect customers and our hard-earned reputation for superior service when they are threatened."

The action will impede C&W's aim of expanding its internet presence. In September it announced plans

to spend \$1bn over the next five years to maintain and expand its newly acquired internet business.

At the time of the deal, Dick Brown, then C&W's chief executive, was heralded for seeing off a host of US bidders to win control and add an internet division to its portfolio. Acquiring the wholesale internet operations of MCI and its retail and corporate business was seen as a strategic fit for C&W.

MCI WorldCom refused to comment on details of the writ.

## BP Amoco tries to ring-fence Atlantic Richfield deal

Alaska and regulators hold key to the creation of oil giant, write Robert Corzine and Andrew Edgecliffe-Johnson

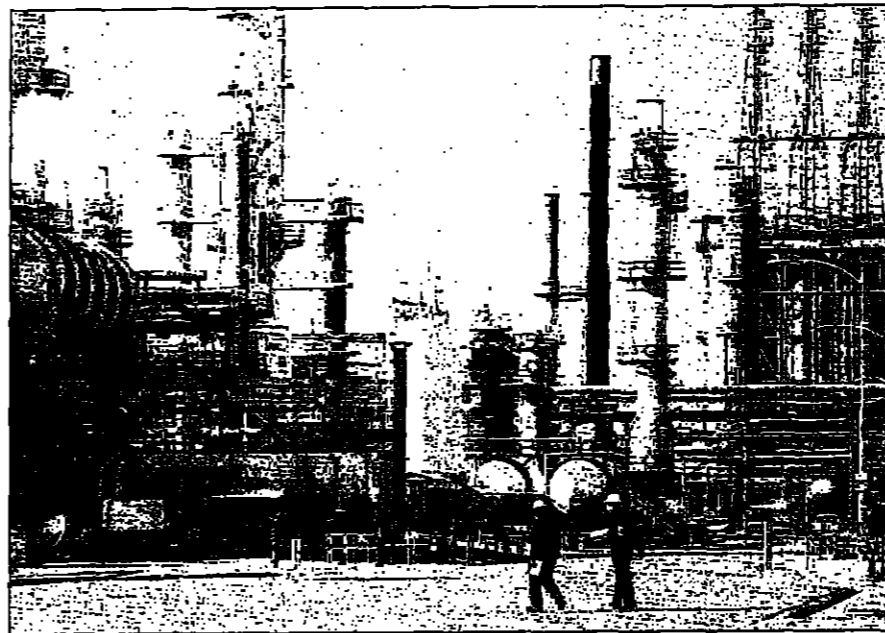
BP Amoco has gone to exceptional lengths to ensure that its planned takeover of Atlantic Richfield will not be derailed by cold feet on the part of its target or by any rival bidder. It will still face other hurdles, however - namely the regulators.

Byron Grote, the BP Amoco executive who will oversee the transition, said the company had been advised to be "cautious" about a quick resolution of possible regulatory issues. The two companies will have to satisfy the US Federal Trade Commission, European Union regulators and the Alaskan state government.

The EU is not expected to present problems, but some analysts are uncertain about how stiff a challenge US regulators will pose in the era of oil mega-mergers.

It is the attitude of the Alaskan government that is expected to prove crucial to the deal's success.

Between them, BP Amoco and Arco dominate Prudhoe Bay on Alaska's North Slope, controlling nearly 1m



Well suited: two Arco employees walk through the company's refinery in Carson, California

of the 1.3m barrels of oil produced in the state each day.

Tony Knowles, the governor of Alaska, has formed a committee of officials to consider the merger. At issue are the threats of reduced competition, job losses and lower revenue for the oil-dominated state.

Bruce Botelho, Alaska's attorney general and a member of the governor's committee, said this week he expected the FTC would "primarily focus" on the impact of the proposed merger on the state.

Alaskan state law dictates that no oil company can control more than 500,000 acres in the state. As the enlarged group would control 860,000, it will automatically have to return 360,000 acres.

Sir John Browne, BP Amoco chief executive, said the company would also try to attract other oil groups into the state.

The offer to build a \$70m (\$43m) gas-to-liquid fuels plant in the state "was not a stop to Alaska", he said.

BP Amoco has nominated Larry Fuller, its co-chairman and the former head of

Amoco, to oversee the process of securing regulatory approvals in the US.

Mr Grote said the FTC would probably have some concerns about the degree to which states on the west coast will depend on the enlarged group for their supply of crude oil.

After the takeover is completed BP Amoco will supply about 30 per cent of the total

crude consumed on the west coast.

There may also be some overlap on pipelines and terminals.

US shipping laws will probably also require BP Amoco to sell Arco's US-flagged oil tankers.

Once the regulatory hurdles have been cleared, BP Amoco will have to dispel concerns that it could struggle to integrate Arco so soon after completing the merger with Amoco. Mr Grote said he was confident of being able to "blend Arco in to the existing structure".

Although no senior Arco managers have been guaranteed jobs at the enlarged group, Mr Grote said one of his priorities is to "identify the key people [at Arco] and ensure they don't leave".

## Ashcroft marks return with bid for CSG

By Clay Harris and  
Caroline Daniel

Michael Ashcroft, the Conservative party treasurer and former head of ADT, the security company, has unveiled plans to create a new \$1bn-plus stock market vehicle by bidding for Corporate Services Group, the recruitment services concern.

The bid marks a dramatic comeback to the UK takeover game by Mr Ashcroft, who dazzled and often baffled the London stock market with dozens of complex deals in the 1980s before taking his company offshore and focusing on North America.

Mr Ashcroft on Thursday proposed a merger of two companies he controls, BHI Corporation and Carlisle Holdings, followed by a shares-and-cash bid valuing CSG at up to £252m (£454m). He would own from 47 per cent to just over half of the enlarged group which would have a pro forma market value of £700m.

CSG urged shareholders to take no action and said it had known a bid was being prepared when it made a profit warning on Tuesday. It was seeking a meeting with Carlisle.

This week, after CSG issued its second profits warning in less than a month, three leading investors requisitioned an extraordinary meeting to remove Jeffrey Fowler, execu-

utive chairman, and four other directors.

Advisers to Schroder Investment Management, Mercury Asset Management and M&G Investment Management - together holding 31.58 per cent of CSG - said they were proceeding with their plan to elect new directors.

Registered in Belize, Mr Ashcroft's business base for a decade, the new group would retain BHI's US Nasdaq listing as well as Carlisle's place on the Alternative Investment Market in the UK, with the eventual aim of seeking a full listing.

In the past month, CSG's market value has fallen to £220m after the warnings. These indicated accounting changes relating to the sale of CSG's training side last year, and to some costs in 1998 which will now be taken on the profit and loss account, rather than the balance sheet.

The offer for CSG is conditional on the current board staying in place and on 1998 operating profits being not less than £19m. This could be a close call, CSG's second profits warning indicated operating profits would be about £20m, and the audit will not be finished until April.

CSG shares rose on Thursday by 21p to 94½p. Carlisle values its shares-and-cash offer in the 87p-120p range.

More coverage at [www.ft.com](http://www.ft.com)

## Hanson in North American purchase

By Charles Pretzlik

Hanson, the building materials group, is to pay £339m (£160m) cash for North America's second largest brickmaker.

After acquiring the business from Toronto-based Jannock, more than 51 per cent of Hanson's sales will be derived from the US and Canada.

Jonathan Nicholls, finance director, said the UK group would continue to seek bolt-on acquisitions in the US to expand its aggregates, concrete pipes and bricks businesses there.

He said Hanson would aim to improve margins at Jannock's North American Brick Group. It is currently achieving about 17 per cent, but analysts believe Hanson can raise it above 20 per cent.

In the UK, Hanson's brick

business earns a 25 per cent margin and in continental Europe about 18 per cent.

Hanson has been expanding in the US in recent years to capitalise on increased federal infrastructure spending.

However, the Jannock bricks, which made 1.18bn bricks last year, concentrates on extruded clay bricks which are mostly used in housebuilding.

It operates 16 plants in six states, including the Carolinas and Texas. In Canada it has five plants in Ontario and Quebec. About 30 per cent of its sales are in Canada.

The business had sales of £302m last year, operating profit of £45.2m and net assets of £491m. Hanson said the acquisition would enhance its earnings in 1999, adding about 55m after tax to its bottom line.

## Bupa hit by increased claim levels

By Virginia Marsh

Bupa, the UK's biggest healthcare group, made a loss in its UK insurance business last year because of a higher than expected level of claims.

It blamed the government's withdrawal of tax relief on private health insurance premiums for the over-90s. This had increased the cost of private cover, encouraging more customers to put in claims.

Bupa declined to specify the level of the losses in the core business but said its overall insurance business, which includes overseas operations, had lost £23.2m.

Despite the losses and £22m of investment, the group, a provident association, produced a pre-tax surplus of £50m, against a restated 255.5m. Reserves grew more than 11 per cent to £670m.

## RESULTS

	Turnover (£m)	Pre-tax profit (£m)	EPS (p)	Current dividend (p)	Date of payment	Dividends Corresponding dividend	Total for year	Total last year
AFA Systems	0.809	(0.226)	1.44	(1.8)	11.81	(15.8)		
Apyria Mutual	25.9	(46.3)	0.73	(1.5)	4.4	(7.5)		
Capitex Atlantic	8.07	(2.49)	1.42	(1.13)	4.88	(5.12)		2
Cleantech Computing	3.04	(3.03)	0.277	(0.77)	1.1	(1.1)		
Garton Engineering	27.8	(0.8)	0.802	(1.56)	14.4	(30.6)	5.25	8
Hay (Worman)	12.1	(30.2)	1.27	(1.14)	7.8	(7.8)	1.2	1
Leads	0.116	(0.242)	0.398	(0.272)	2.56	(1.8)		2
Manfield (John)	12.8	(12.1)	1.73	(2.33)	0.81	(2.07)		
PSA Euro Tour	8.95	(10.6)	1.26	(1.22)	1.2	(1)		
Science Systems	24.3	(18.6)	2.22	(1.85)	8.91	(8.9)	1.175	1.47
Scott.com	21.3	(15.8)	36.8	(15.4)	5.4	(3.8)		
Severn River	56.2	(91.1)	8.78	(7.15)		(-)		
10 Group	4.22	(12.3)	0.589	(0.967)	0.52	(0.71)		
WFS	14.5	(5.42)	1.18	(0.94)	4.93	(0.56)		

Investment Trusts

	NAV	Attributable Earnings (£m)	EPS (p)	Current dividend (p)	Date of payment	Corresponding dividend	Total for year	Total last year
Prescience	6 mths to Feb 26	152.5	(148.7)	0.402	(0.351)	2.03	(1.77)	1.7
								1.5

Earnings shown basic. Dividends shown net. Figures in brackets are for corresponding period. (A) In stock, (A) After exceptional charge, (A) After exceptional credit, (A) Increased capital. \* Comparatives restated. \* Comparatives are restated and cover year to March 31. # Excludes 0.25p special.

صكرا من الاصل



JAPAN COUNTRY'S BIGGEST EMPLOYER ANNOUNCES REVIEW OF PORTFOLIO AND PLANS TO CUT 6,500 STAFF

Hitachi may close or sell failing divisions

By Paul Abrahams in Tokyo
Hitachi, the industrial electronics conglomerate whose turnover is equivalent to 2 per cent of Japan's gross domestic product, has launched a sweeping review of its portfolio of businesses, which may mean the group selling or closing poorly performing operations.

also struggled to maintain exports in the face of a strengthening yen. Mr Shoyama further blamed the D-Ram chip business for his company's performance. "We continued investing a lot of money, not considering a collapse in microchip prices," he said.

statement for a Japanese president, Mr Shoyama warned there was no place in the company for people who did not seek change. The group needed to place greater emphasis on the interests of shareholders, said Mr Shoyama. He wanted to return to profit this fiscal year and set a target of 8 per cent return on equity as soon as possible.

Suez Lyonnaise has FF200bn for expansion

By Samer Iskandar in Paris
Suez Lyonnaise des Eaux, the diversified utilities group, has announced one of the largest expansion programmes by a French company, with the aim of becoming "one of the world's biggest players" in the power sector.

Yahoo! now sees and hears the future

Its purchase of Broadcast.com could involve far more than just supplying sound and pictures, writes Roger Taylor

Jeff Mallett, chief operating officer of Yahoo!, the Internet company, believes that in a year's time it will be outdated to talk of audio, video, text and pictures on the internet. By then, he says, all four will be so intertwined in the delivery of information that it will make little sense to try to separate the elements of what is now referred to as "rich media".



Foreground: Jeff Mallett (left) and Tim Koogle of Yahoo! with (behind) Mark Cuban and Todd Wagner of Broadcast.com

to build their own home pages on the Internet. With Broadcast.com, it will now be able to offer the tools to broadcast audio and video as well, enabling people to put their wedding video or a recording of their band, for example, on their web pages. The commercial opportunity lies in giving the people who sell through Yahoo! the chance to make more interesting advertisements and promotions. For example, Yahoo! currently operates a small business to sell through its pages.

While Europe and the US remained the main targeted growth areas, Jérôme Monod, chairman of the supervisory board, said Suez Lyonnaise would also seek to expand in Asia, "based on [the group's] assumption that economic growth will resume in 2000".

Arrangements set for Crédit Lyonnais bids

By Samer Iskandar in Paris
Potential core shareholders of Crédit Lyonnais are to submit their bids before the end of the month, under final terms for the French bank's privatisation, published yesterday.

In a move that puzzled analysts, the government has asked interested bidders to submit their bids several weeks before the June flotation. Once the exact pricing is set, by the middle of June, they will have only one hour to retract their bids.

Core shareholders will commit themselves to keeping their stake for at least two years. In the following two years, they will have to offer their shares to other core shareholders before selling on the market. Several candidates have already expressed an interest in participating, including Axa, France's largest insurer, and Allianz, its German rival.

Table with columns: FT/S&P ACTUARIES WORLD INDICES, Country, Index, Change, etc. Includes data for Australia, Canada, France, Germany, etc.

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Mannesmann agrees \$1.2bn Otelo deal

German telecoms group strengthens European network

By Tony Barber in Frankfurt

Mannesmann, the German telecommunications and engineering group, has strengthened its position in European telecoms by agreeing to pay DM2.35bn (£1.15bn, \$1.33bn) for the fixed-line business of Otelo, a company jointly owned by the utilities Veba and RWE.

The acquisition, announced on Thursday night, reinforces Mannesmann's position as number two in the German telecoms market, the largest in Europe behind the former state-owned monopoly Deutsche Telekom.

The purchase also enhances Mannesmann's European network by combining its businesses in Austria, France and Italy with Otelo's links to Belgium, Denmark, Luxembourg, Switzerland and the UK.

Mannesmann Arcor, the parent group's telecoms subsidiary, plans to run Otelo as a separate unit. Otelo is a young

company, founded to exploit the full deregulation of Germany's telecoms market in January 1998, and does not expect to break even until 2002.

However it has 1,000 large business customers, such as Dresdner Bank, and RTL, the television company, as well as 400,000 private customers.

"In this case, one and one equals more than two," said Harald Stober, chief executive of Mannesmann Arcor. "With two fixed-line companies, we can significantly speed up our planned growth and further enhance our market position as the leading private competitor."

The acquisition is intended in part to increase Mannesmann's weight at the expense of two of its main German rivals, Debitel and Mobilcom.

Debitel, third-placed in the German market, was successfully floated on the stock market last week. Mobilcom, which had consid-

ered buying Otelo, said on Thursday it had changed its mind after learning that Otelo did not own but rented its glass-fibre lines. Mobilcom later announced a 26 per cent cut in its long-distance rates from next Tuesday.

Once famous for its steel and engineering operations, Düsseldorf-based Mannesmann has transformed itself in the 1990s by selling almost 40 businesses and moving into telecoms, one of the German economy's most dynamic sectors.

Telecoms has accounted for most of the company's growth in the past two years, and it has proved itself alert to opportunities. Mannesmann's expansion could take a further leap forward this year if the Italian group Olivetti succeeds in its bid to buy Telecom Italia. Olivetti's takeover plan envisages selling its stakes in Italy's second-largest mobile and fixed-line telephone operations to Mannesmann for DM15bn.

New FT equity groupings published from today

By Simon Briscoe, Statistics Editor

The Financial Times today publishes new share classifications that will allow investors to make global comparisons of share performance across sectors.

The changes reflect a widespread expectation among fund managers that sector, rather than country, allocation will be increasingly important as markets become global. The new classification applies to the UK FTSE indices, as well as the FTSE 100 and the FTSE All-Share.

Although the aggregate indices are unchanged, the sector locations of individual companies and the breakdowns of all indices will be affected. FTSE International, which manages the indices, launched a comprehensive updating exercise in order to harmonise the structure of the whole family of FTSE indices. In the past, the UK, European and world indices have had different sector classifications.

The new harmonised structure will be familiar to users of FTSE's European indices where the new classifications were introduced in January. The world indices should come into line in the coming months.

All companies in the London Share Service have been allocated to one of the new sectors. Although many of the companies remain in a familiar sounding sector such as construction, engineering and media, there have been changes in others.

For example, two new economic categories have been created: basic industries and, notably, information technology. In addition, companies in categories covering consumer goods and services have been split into cyclical and non-cyclical components. Some sectors, such as banking, remain unchanged.

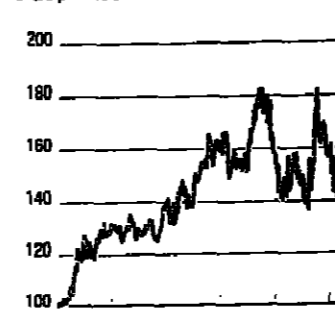
The changes reflect the economic realities of the business world. There are more subsectors in the new system allowing greater disaggregation of the totals.

THE LEX COLUMN

Browne sugar

The rustling sound of BP going through the telephone directory of US oil companies is music to investors' ears. The \$1bn in synergies available to BP's Sir John Browne from his latest acquisition, that of Atlantic Richfield for \$3.8bn, will be an additional filip to profits already being boosted by merger savings from the Amoco deal. At a 26 per cent premium to Arco's undemanding pre-bid share price, the timing looks excellent given the sharply rising oil price. The biggest risk now is indigestion.

BP Amoco Share price relative to the FTSE All-Share Index



Source: DataStream/ICI

For retail unit trust investors, however, BP's gigantism poses problems. Gaining a full weighting, let alone an overweight position, in the merged stock - capitalised at around 10 per cent of the FTSE 100 - would bang up against European Union investor protection rules. These say retail funds may invest no more than 10 per cent of funds under management in any one stock and no more than 40 per cent in holdings over 5 per cent. This restriction is sensible, given that these funds are marketed to the public as diversified portfolios.

Already some supposedly broad funds could invest in as few as 16 stocks, by holding four 10 per cent stakes and 12 5 per cent stakes. Most theorists would regard this as the bare minimum for diversifying away from company-specific risk. Thirty or more stocks would be safer. The problem would be compounded if these 16 were all in a few fashionable sectors. In reality, however, BP's weighting should not pose a problem for long. For one thing, other FTSE companies, such as Vodafone, are bulking up too, which will enlarge the market's total capitalisation. And new funds can always ignore the FTSE 100 and track the All-Share Index.

television programmes over the net and offers video-conferencing, leads its particular segment. It also brings distribution expertise as web access moves increasingly from telephone lines to broadband cable pipes.

In this race to become the web's dominant gateway, price is a secondary consideration. On 250 times historic sales, Broadcast.com looks expensive. Even Yahoo! is only trading at 170 times. But Yahoo! is paying \$60 per user, slightly below its own \$60 multiple. So is it overpaying or not? That is impossible to say and may not matter all that much, since the two are simply swapping internet currencies. What matters more is that Yahoo!, by acquisitive use of its high-flying stock, is starting to look like one of the web's winners. Since everyone agrees that this select group will eventually become hugely profitable, investors may be right to back it, however crazy the current valuation. That's internet logic.

Suez

When Suez Lyonnaise des Eaux confirmed its target of €3.50 earnings per share by 2002, few at Thursday's results meeting were interested. Far more absorbing was the French concern's continuing transformation into a utilities group; "core" activities still account for less than 70 per cent of its €31bn sales. A share price more than 20 times that earnings per share target demonstrates the market's faith in Gérard Mestrallet, chief executive. This is despite the fact that the clearer Suez's strategy becomes, the more expensive are its targets.

The most tantalising question about Suez is how can it engineer a grand Belgian merger between its 51 per cent owned Tractebel subsidiary

and Electrabel - of which Tractebel holds nearly 40 per cent? The cheapest route would be to buy an extra 12 per cent of Electrabel, costing about €2bn. But that would smack of gaining control of Belgium's electricity monopoly on the cheap. Buying out the Tractebel minority - €6bn before any extra premium - and backing a merger should go down better. But with Electrabel twice the size of Tractebel, the latter needs to be beefed up and cash might have to be exchanged to equalise the partners.

Spending power is not a problem. Suez has said it can spend €4bn a year without selling non-core holdings, notably the one worth €8bn in financial services group Fortis. A Franco-Belgian powerhouse is an alluring prospect as Europe's energy markets open up, but at what price?

Shareholders have two problems. First, they cannot know the true worth of their own company, since this week's profits warning was a model of obscurity. Second, investors cannot establish the exact value of Mr Ashcroft's offer. He is proposing to pay for CSG in a mixture of cash and shares - in a company yet to be formed - at a price described on Thursday as "between approximately 87.7p and 120p a share. All clear then?"

Shareholders should push for the removal of the five directors, even if this risks killing off Mr Ashcroft's interest. The five have apparently lost the confidence of the largest investors - holding 81 per cent of the equity - and so should not be involved in assessing a takeover approach. Ideally, the rebel shareholders would be joined by others taking the opposition to over 50 per cent. The five directors could then resign and spare all the trauma of an extraordinary meeting. If Mr Ashcroft is keen, he will be back.

Yahoo!

Paying \$5.7bn for a loss-making company with \$22m of revenues last year is insane by any normal standards. Apply internet logic, however, and Yahoo's acquisition of Broadcast.com makes quite a bit of sense. The key to survival for so-called "portal sites" such as Yahoo! is to keep as many web users as possible from straying outside the universe of sites accessible from their gateway. This attracts advertisers and brings e-commerce opportunities. To do so, they must continually broaden their offerings. Broadcast.com, which transmits radio and

BP Amoco 'locks in' Arco with \$500m penalty clause

By Robert Corzine

BP Amoco has put in place measures to deter any rival bid to its \$26.8bn all-stock acquisition of Atlantic Richfield (Arco) of the US, including a \$500m penalty if Arco drops out of the deal.

Sir John Browne, BP Amoco's chief executive, said there was "always the chance of a predator, but appropriate penalties" had been put in place. BP Amoco also has the right to buy up to 19.9 per cent of Arco's shares.

The Los Angeles-based Arco has agreed to heavy restrictions on its actions during the transition.

In addition, share options for Arco's senior managers, none of whom have any guarantee of a job with BP Amoco, cannot be exercised until the deal closes, probably around the end of the year.

All Arco's directors, including Mike Bowlin, its chairman and chief executive, have

agreed to resign once the deal is completed. About 2,000 of Arco's 18,400 employees will lose their jobs as a result of the deal, with about 200 of the losses in the UK.

BP Amoco is paying a 13 per cent premium based on the closing price of the two companies' shares on Wednesday night, although the premium is 26 per cent if calculated on the closing share prices last Friday, the last day of trading before news of the deal leaked. The exchange ratio will be 0.82 of a BP Amoco American Depositary Share per Arco share.

Acquisition costs payable in the first year are expected to be around \$1bn. The goodwill of about \$20bn will be amortised at \$1.25bn a year. BP Amoco expects to squeeze about \$1bn in annual pre-tax cost savings and synergies from Arco's asset base by 2001.

It has emerged that the absence of an obvious successor to Mike Bowlin, Arco's

chairman and chief executive, was one of the main factors that prompted the company to approach BP Amoco about a takeover.

It is the second time in less than a year that the former British Petroleum has been able to capitalise on succession problems at US oil companies to make major acquisitions. The lack of a successor to Larry Fuller, chairman and chief executive of the former Amoco, was one of the main reasons why it agreed to a takeover by BP last year. Sir John said he was "surprised" at Arco's direct approach in early January. "But it feels like the right moment for BP Amoco to make its first strategic step," he said.

With the inclusion of Arco's assets, BP Amoco will become the biggest oil producer outside the Organisation of Petroleum Exporting Countries.

Oil's takeover king, Page 7

London stocks, Page 17

Companies in this issue

Table listing companies and their page numbers: AEA Technology 17, Atlantic Richfield 22,24, BP Amoco 17,22,24, BUPA 22, Barclays 5, British Biotech 22, Broadcast.com 23, Cable and Wireless 22, Corporate Services 22, Crédit Lyonnais 23, Debitel 24, Dresdner Bank 24, EMI Group 17, Electra Inv. 22, Ford 5, GE Capital 22, Gillette 23, Hanson 17,22, Hitachi 23, KKR 24, Mannesmann 24, Mobilcom 24, Pilkington 17, RMC 17, RTL 5, Suez Lyonnaise 23, Tyco Intl 22, Vickers 17, Yahoo! 17,22.

Markets Latest

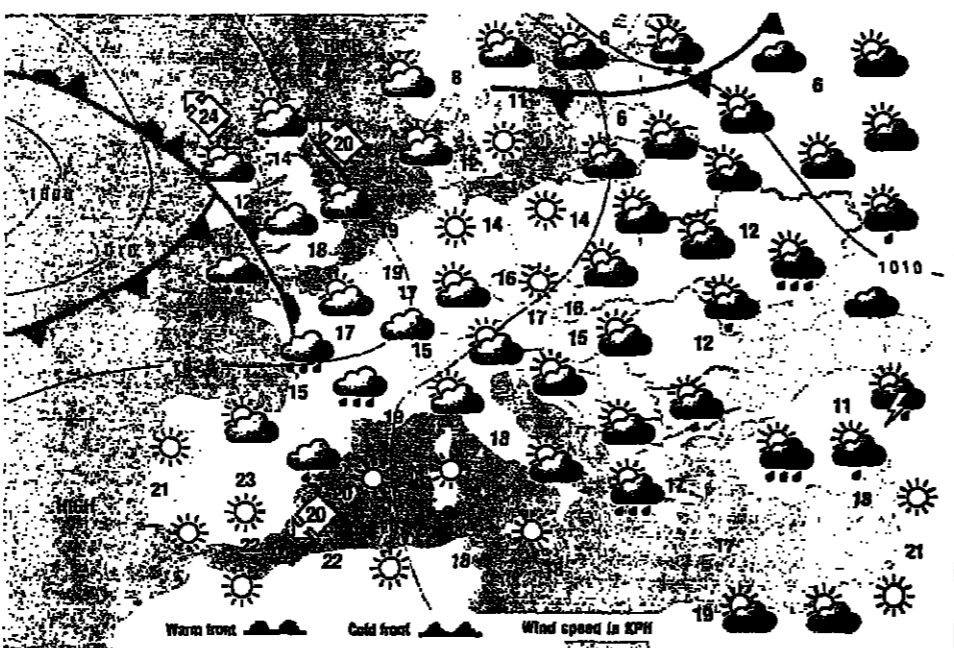
Table of market data: FTSE 100: 6,330 (+34.7), FTSE Europe 300: 1,261.08 (+2.18), FTSE All-Share: 2,932.32 (-37.37), Nikkei: 16,290.19, New York close: 1,620.51 (+46.35), Dow Jones Ind Ave: 1,593.72 (+7.38), S & P Composite: 1,593.72, LONDON MONEY: 3-mo Interbank: 5 1/4% (54.90), 6-mo Interbank: 5 1/4% (54.90), Life long gilt (LH): 119.86 (117.34), US CLOSING RATES: Federal Funds: 4.875% (same), 3-m Treas Bill: 4.48% (4.48%), Long Bond: 6.41% (6.41%), Yield: 5.64% (5.625%), NORTH SEA OIL (Argus): Brent Dated: \$14.26 (14.97), GOLD: New York Comex: \$376.2 (279.2), London: \$280.45 (279.85), STERLING: New York close: 1.8043 (1.8117), London: \$ 1.6230 (1.626), SFR 2.3743 (2.3669), Y 185.20 (181.840), E Index: 102.2 (102.9), DOLLAR: New York close: 0.62276 (0.62292), SFR 1.4807 (1.4817), Y 120.386 (118.69), London: \$ 0.6269 (0.6269), SFR 1.4807 (1.4817), S Index: 108.4 (108.2), Tokyo close: Y 120.5.

Weather

Europe today Northern Scandinavia will be cold and windy, with showers of sleet and snow; however, it will be dry in the south with plenty of sunshine. Much of eastern Europe will also be dry with sunny spells but the eastern Mediterranean will have showers, some of them with thunder. Central Europe will be dry, mild and sunny and the Low Countries will enjoy another unseasonably warm day. The Iberian peninsula will be sunny and warm as high pressure builds east. However, rain will move into France, turning heavy later on.

Five-day forecast

Central and western Europe will become more unsettled as bands of rain move in from the Atlantic. Scandinavia will have a mixture of rain and snow but the Iberian peninsula will stay sunny and warm. Showers in the eastern Mediterranean will slowly clear as high pressure takes hold to introduce warmer air.



Situation at midday. Temperatures maximum for day. Forecasts by PA WEATHERCENTRE

Table of today's temperatures for various cities: Abu Dhabi: Sun 37, Algiers: Sun 22, Amsterdam: Sun 19, Athens: Sun 17, Atlanta: Sun 25, B. Aires: Sun 24, B.lem: Cloudy 17, Bangkok: Fair 35, Barcelona: Fair 19, Beirut: Fair 11, Bogota: Fair 19, Bordeaux: Fair 13, Berlin: Sun 14, Bonn: Sun 14, Buenos Aires: Fair 23, B. Aires: Fair 25, Budapest: Fair 17, Cairo: Fair 24, Caracas: Fair 28, Cardiff: Fair 14, Chicago: Fair 11, Chongqing: Fair 19, Cologne: Fair 13, Dakar: Sun 23, Dallas: Fair 23, Delhi: Fair 35, Dubai: Sun 35, Dublin: Fair 12, Edinburgh: Fair 12, Frankfurt: Sun 21, Geneva: Fair 10, Glasgow: Fair 14, Hamburg: Fair 16, Harbin: Fair 26, Hong Kong: Fair 26, Hsinchu: Sun 25, Istanbul: Sun 25, Jakarta: Fair 30, Jerusalem: Fair 12, Johannesburg: Fair 25, Kuala Lumpur: Sun 30, L. Angeles: Sun 17, Las Palmas: Fair 21, Lima: Fair 21, Lisbon: Fair 21, London: Cloudy 16, Lux.emburg: Fair 17, Madrid: Sun 23, Manila: Sun 29, Mexico City: Fair 26, Moscow: Fair 14, Mumbai: Fair 29, Newcastle: Fair 14, Melbourne: Fair 16, Mexico City: Fair 26, Miami: Fair 26, Milan: Sun 21, Montreal: Fair 7, Moscow: Fair 14, Munich: Fair 17, Nairobi: Fair 25, Naples: Fair 19, Niassa: Fair 29, New York: Fair 15, Nico: Fair 19, Ottawa: Fair 9, Oslo: Fair 9, Paris: Fair 17, Perth: Fair 16, Prague: Fair 16, Rangoon: Fair 37, Reykjavik: Fair 7, Rio: Sun 30, Rome: Fair 18, S. Paulo: Fair 19, Seoul: Fair 10, Singapore: Thunder 30, Stockholm: Fair 11, Strasbourg: Fair 19, Sydney: Showers 21, Taipei: Fair 23, Tel Aviv: Fair 21, Tokyo: Showers 21, Vancouver: Showers 14, Venice: Sun 10, Vienna: Sun 17, Windsor: Fair 14, Washington: Showers 19, Wellington: Fair 18, Winnipeg: Showers 19, Zurich: Sun 17.



Panasonic GD70 advertisement. Text: 'Panasonic GD70. Because sometimes you can't have your hands free.' Includes image of a man talking on a mobile phone and a Panasonic GD70 mobile phone. Text: 'When you're tied up, you can't always reach the phone. That's why the GD70 is completely hands free. Its advanced technology is incredibly sensitive. Just switch on the powerful internal speaker, and you can speak across the world without using your hands. Add the latest Dual Band technology for even greater foreign coverage... large, easy-to-read displays... easy access to a host of advanced features... a silent vibration alert... and you can see why the GD70 is the choice of high fliers all over the world. For more information on the complete range of Panasonic Mobile Phones call UK 0500 40 40 40.' Includes logos for GSM and DUAL BAND.

WEEKEND Bleeding and blood

صحنه من الاصل





**Last resort**  
The Khmer Rouge's final resting place  
Page X



**Sweet harmony**  
Wine and chocolate CAN live together  
Page XIII



**How did he do it?**  
Middle-aged Mark turns into a master  
Page XXII

# Bleeding hearts and bloody messes

Liberals are hopeless at waging war because they fight for lofty ideals with inadequate force, argues Niall Ferguson

Why is it always high-minded liberals who get us involved in the messiest wars? This might seem an odd question. Surely the Nato air strikes against Serbia are proof that liberals such as Bill Clinton and Tony Blair - not to mention other left-of-centre Nato leaders such as France's Lionel Jospin and Germany's Gerhard Schröder - can be tough abroad as well as tender at home?

Not so. What they prove is that liberal politicians invariably screw up when they resort to military action in foreign policy.

Indeed, the current fiasco in the Balkans is a classic example of a 20th century syndrome: the long (and sometimes lost) liberal war.

Let us begin by getting one thing straight. This war is either going to be lost or it is going to be long. If the objective of the air strikes was (as it was initially said to be) to force the government of Yugoslavia to accept the Rambouillet plan for Kosovo, it has in fact already been lost.

That compromise is now a dead letter for the simple reason that by this time next week, if not before, there will be hardly any ethnic Albanians left in Kosovo.

Moreover, the effect of Nato's bombing of Yugoslavia has been to radicalise and unite Serbian opinion to such an extent that it is hard to imagine the refugees ever being able to return to their homes.

If the new object of the war is to undo the ethnic cleansing which the war itself has done so much to accelerate, then a new and quite different war will have to be fought.

This will be a war on land to create an independent Kosovo (though this may start off being called a "safe haven" in part of the province). At the very earliest, such a war could not be launched until June, as it would take roughly two months to build up Nato's ground forces to anything like the requisite size.

And even then it is highly doubtful that such a war could be quickly won, for three reasons. First, Nato is embarrassingly short of battle-ready troops (there are just 12,000 in Macedonia at present); second, unlike in the Gulf War, it will be hard to deploy and supply a large army in Macedonia - the lack of a big port and big airfields represents a serious logistical bottleneck; unlike the deserts of Kuwait and Iraq, mountainous Kosovo is a lousy tank country.

Nato does appear to have established air superiority, which would make it hard for the Serbs to concentrate their defensive forces. But the most effective defensive strategy might well be to harry an invading force by guerrilla tactics, rather than to fight a pitched battle. At the moment, western leaders - and especially Clinton - insist that they will not commit land forces to a war against Yugoslavia. Although public opinion is at present quite supportive of the war in the principal Nato countries, it is generally assumed that such support would crumble if Nato forces began to sustain significant casualties (which

would not have to be very large to seem significant on prime-time news broadcasts).

For this reason, it is difficult to imagine the White House asking Congress for authorisation to send GIs to die for Kosovo. (Especially with a president who never made it to Vietnam.)

What makes the scenario of a land invasion doubly unlikely is the extremely weak legal basis for the entire operation. International law is one of history's make-it-up-as-you-go-along phenomena but even so, western powers have been citing it as the basis for their main military efforts since 1914.

Then, Britain went to war - at least ostensibly - to defend Belgium against the aggression of Germany and Austria-Hungary. In 1939 we said we were going to war to protect Poland from German (and Russian) aggression. In the 1980s, Britain fought Argentina after the latter's invasion of the Falkland Isles. And, most recently, the US and UK participated in a UN war against Iraq to overturn Saddam Hussein's annexation of Kuwait.

This time around it is very different. Without doubt the behaviour of Slobodan Milosevic's government towards the Albanian majority in Kosovo - persecution which has been going on, incidentally, for an entire decade - has unquestionably been vile. But Kosovo is an integral province of Serbia. This war amounts to aggression against a sovereign state, something which it is not easy to reconcile with Article 2 of the UN Charter, the Helsinki Accords's Final Act or indeed Nato's own defensive rationale.

Historically, there have been two justifications offered for such action. The first is the right of self-determination, a concept dating back to the French revolutionary wars of the 1790s which was also used to justify



the action was backed by UN authorisation. Although resolutions have been passed by the Security Council concerning Kosovo, there has been no mandate to use force, and it is unlikely such a mandate would have been granted given Russian and Chinese opposition.

This decision to circumvent the UN will come back to haunt the Nato powers. Henceforth, it will be extremely hard for the US and its allies in Nato to make a credible complaint if, for example, China were to bomb Taiwan, or if a more militaristic regime in Russia decided to reassemble the Soviet empire by force. It will be easy enough for tomorrow's aggressors to trump up a "humanitarian crisis" and then simply bypass the UN, citing Kosovo as the precedent.

So Nato seems to be faced with the choice of losing to

invasion added a humanitarian dimension to the war.

Through the present British prime minister does not drink, play bridge or have a mistress, the political parallels between Blair and Asquith are close. Both come to power with huge Commons majorities. Both were committed to reform of the House of Lords. Both thought that they could solve the Irish Question. And both were unable to resist the appeal of a moral call to arms.

Unfortunately, neither had done anything to prepare the British armed forces to answer such a call effectively. In 1914, Britain was able to send a mere six divisions to continental Europe to assist France and Belgium against the might of the German army.

This was because for years Liberals such as Asquith had resisted pressure from the

But the imposition of Wilson's ideals at the Paris Peace Conference proved disastrous for Europe's long-term stability. He had wholly failed to grasp that the principle of self-determination implied a bigger, not a smaller, Germany.

Until he tore up the Munich agreement, Hitler was able to justify all his territorial claims in unimpeachably Wilsonian terms, as a matter of self-determination for German minorities outside the Reich. Indeed, Britain finally went to war with Germany in 1939 to prevent Hitler reassembling Danzig and the West Prussian "corridor" from Poland on the same basis.

Or consider another liberal war which went even more badly wrong: Vietnam. Contrary to popular belief, it was John F. Kennedy who committed the US to preserving South Vietnam from invasion by the Communist North. Kennedy was scrupulous in checking that international law allowed him to send US troops.

What he failed to do was to send enough to defeat the Vietcong. As early as November 1961, his Defence Secretary Robert McNamara estimated that the maximum number of men the US would need to send would be 230,000. But a year later only 9,000 "advisers" had been sent. Throughout the 1960s the Americans fought with too small a ground force and pinned unrealistic hopes on their superior air power.

The parallel with the present is unenvying. Ever since the mid-1980s, all western governments have been reducing defence expenditure. Britain has been as keen as the US and continental Europe to cash in the peace dividend promised by the ending of the cold war.

The result has been a steady erosion of western military capability. It has been realised for some time that Britain would be unable to fight a second Falklands conflict if the Argentines invaded tomorrow. It is almost certainly true that Britain and the US would have difficulty restaging Operation Desert Storm if Saddam Hussein's tanks rolled back into Kuwait.

Today, Nato's reliance on air power is nothing more than the fig-leaf which conceals - barely - that it lacks the capability to defeat Serbia on the ground. The fatal liberal combination of a lofty goal and inadequate resources has struck again.

Are conservative politicians better? The answer is yes (although Neville Chamberlain may be the exception

which proves the rule). Both the Falklands and Gulf conflicts were characterised by clear objectives - the liberation of invaded territory - and the deployment of adequate, if not simple, forces.

Most 19th century wars were the same, including even the relatively messy Crimean and Boer Wars. The master of the art of war, combining limited goals with

more than adequate force, was Bismarck.

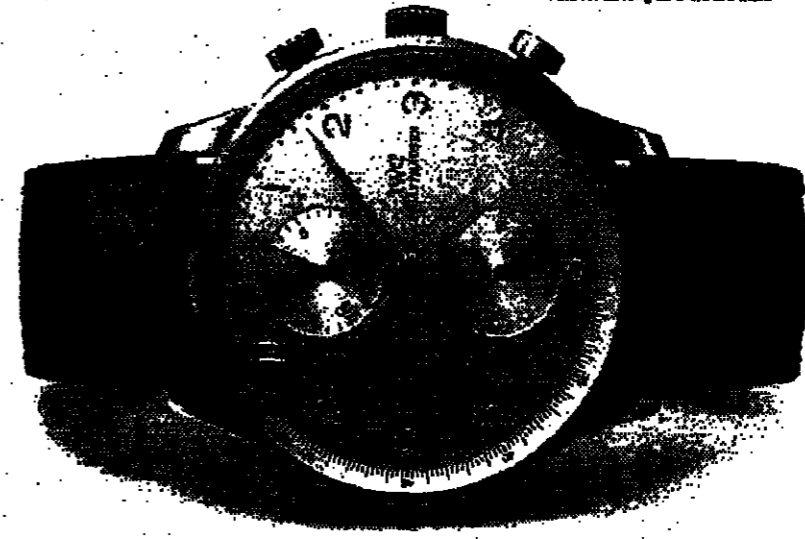
What would he think of the present shambles in the Balkans? No need to wonder: he famously remarked that the region was not worth the bones of a single Pomeranian grenadier. What remains to be seen is how many Nato grenadiers western voters think Kosovo is worth.

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PERSPECTIVES

ENCOUNTERS WITH THE FT

# 'Bardolator' in love with one and only Will

Liesl Schillinger meets Harold Bloom, the Falstaffian Yale professor whose passion for Shakespeare has left him forsaking all others

Two Americans have acquired notoriety and nicknames over the past year for loving one man too much. You have heard of the "Portly-Pepperpot-Monica-Lewinsky", as the tabloids style her, whose infatuation with Bill Clinton nearly brought the president down.

You will shortly hear from the second, the prolific pontificator, or rather, as pundits call him, the "weary Falstaffian" Harold Bloom, Sterling Professor of the Humanities at Yale.

He has spent the past 45 years letting the reading world in on his informed, inspired, idiosyncratic assessments of every writer who has ever written anything worth reading.

In his 1996 book *The Western Canon* - a surprise hit both in the US and the UK - Bloom listed 26 authors he believed rated re-reading. Two years on, his ardent passion for one writer has spurred him to revise his earlier judgment and narrow the field from 26 to one.

"I realise now you don't need a list. All you need is Shakespeare," Bloom says. "He outweighs, I think, the rest of western literature, if only because nobody else gives us so many human beings - people more real than we are."

Bloom's 750-page wrap-up of his hero's oeuvre, *Shakespeare: The Invention of the Human*, has just appeared in the UK (Fourth Estate, £25), and Bloom would be delighted if his critical approach could make the walls of the academic establishment come crashing down - particularly English walls.

"What I call the School of Resentment, a politicised substitution for literary study, or what we used to call literary criticism, is even more dominant in the Anglo academy than in the American academy," he declares.

If you wish to take issue with his perspective during his whistle-stop tour through Cambridge, Oxford, London, and Stratford-upon-Avon, bear in mind that he rather expects to receive for himself the same deference Bloom accords his hero.

"A Shakespearean audience is like the gods in Homer," he writes in his new book. "We look on and listen, and are not tempted to intervene." You may be

tempted to intervene with Harold Bloom, but don't get your hopes up.

In the world according to Bloom, Shakespeare invented not only the characters in his plays, but the characters of every one of the several billion souls born after them, including us; it was Shakespeare's *Hamlet*, and *Falstaff* - and *Iago*, too - who gave birth to personality. Before them, people lived, grew old and died rather like grasshoppers, c- Thompson's gazelles; nobody needed to seek psychotherapy - character was ineluctable.

"I am sure I will run into controversy," he announces, as he lies on a fully extended leather recliner in his study, his mountainous stomach blocking his view to his slippered bare feet. He looks like a sweater-clad walrus on a rock, and he stares at the ceiling as he speaks, changing his inflection, and augmenting and interrupting himself at will, as if we were in some sense having a conversation. "I think I will allow as little discussion as possible," he decides.

The day we met, I had walked to Washington Square in the freezing noontime, trying to spot Bloom's house in the brick row by the park. My head was spinning with the Bloom Top 40 - which included *Hamlet* and A.D. Nuttall, *Petruchio* and *Cleopatra*, Dr Johnson and Beckett, and anecdotes of Giambattista Vico. I was not to think of himself as an ogre? I'm a nice old papa bear, and I think very amiable to my students. I just wish they would speak up occasion-

ally," he sighed, and sank deeper in his chair. "A charming young lady from Newsweek came down to visit me in New Haven last week and brought a video of *Shakespeare in Love* so we could watch it together - and she told me she had been afraid," he said. I asked for his assessment of the film. "My only real critique was the notion that Shakespeare ever had writer's block," he said.

"It's [Tom] Stoppard's

terra. He declined my offer of lunch, and pooh-poohed my concern that my visit had deprived him of a performance of *Simon Boccanegra*, where his wife had gone.

"It's not for me, he assured me. "I will quote my hero Dr Samuel Johnson, who went to the Italian Opera once, and as he walked out muttered to Boswell, 'An exotic and irrational entertainment'."

Bloom padded over to his armchair, sank into it until it squawked into its full reclining capacity, and directed me to a sofa.

I sat down beside him, and immediately confessed the undergraduate fears that had led me to avoid his course "Shakespeare and Originality", when I was a student at Yale. Bloom began to speak. In the baroque, impersonally intimate, lyrical plaid that is his alone, and suddenly I saw that my decade of trepidation had been unnecessary; a man who knows everything about Shakespeare does not torment undergraduates by exposing what they don't know. He is far too busy imparting what he does.

"My dear, I don't know how many splendid young ladies have said to me through the years, 'I was afraid to take the course,'" he said.

"It makes me very unhappy, because, although one is an aged old monster, who among us wants to think of himself as an ogre? I'm a nice old papa bear, and I think very amiable to my students. I just wish they would speak up occasion-

**'You don't need a list. All you need is Shakespeare. He outweighs the rest of western literature and gives us so many human beings'**



Harold Bloom: 'I am sure I will run into controversy. There is no love lost between the academic profession and me'

ally, but we're talking about a writer who wrote 38 plays in less than 24 years, and we're also talking about a writer who in 14 consecutive months wrote three plays, and those plays happen to be *King Lear*, *Macbeth* and *Antony and Cleopatra*. That puts the whole thing in the realm of the supernatural as far as I'm concerned."

an exegete." What Bloom wants to be is an old-style literary critic, in the manner of his beloved Dr Johnson, and he does not have a lot of competition.

It was 60 years ago that Bloom laid the groundwork for his career. He was the youngest of five children of Jewish immigrants in the Bronx, and the only one to graduate from high school. "I was just a little bear of eight or nine, and I was reading poetry all the time; my Uncle Samuel took me to Yankee Stadium," he remembered.

"We were eating hot dogs and watching the Yankees, and he said, 'Harry, what are you going to do when you grow up? All you do is read poetry.' And I said, 'I'd like to find some way of just reading poetry.'"

"He said, 'There are places called Harvard and Yale where you can be a professor of poetry.' I had never heard of Harvard and Yale. And I said, 'Well, that's what I'll be when I grow up.'"

His greatest sorrow is that the eight-year-old Harry Bloom wannabes of today

have no chance of repeating his career path: "If I had been born in 1970 instead of in 1930, I would have never got an academic job teaching English; but then neither would Dr Samuel Johnson," he complained.

"If you are not a political zealot; if you are not a feminist; or a Marxist - and I call them that because they are not real feminists, they are not real Marxists - if you are not a multiculturalist, or a black studies type, you won't get a job in the academy. There is no love lost between the profession and myself," he said fiercely.

Unsurprisingly, for more than a decade, Bloom has steered his best students away from careers in academia. "We have, as you know, a ruined university culture, we have a cultural

tragedy. It's a profession of a ghastly conformity, they're all as alike as peas in a pod.

"They try to say, 'Oh Shakespeare, he's no better than Thomas Middleton, or he's no better than George Chapman; he's another Elizabethan playwright.' But finally, he is so much better than all other writers taken together that you simply cannot discuss him in the terms that apply to them. He knows more than you do. That is what [the theoreticians] cannot accept. Shakespeare knows everything they know, and indeed he knows them better than they know him - because he invented them."

If Bloom is a "bardolator", his students are bardolators and Bloomolators. At a time when academe is seized up with so much caution and

quantification, it's easy to see why Bloom's wide-ranging scholarship, fearless pronouncements, and breath-taking enthusiasms win their fealty.

"I would go so far as to say that if you were to take a balancing scale and you put Shakespeare in the left-hand balance, and in the right-hand you were to put all the rest of western literature, including even Dante, even Homer, everything right down to the present - the Shakespeare side of the scales would go down, and the others would fly up in the air," Bloom proclaims. "Shakespeare outweighs. I think the rest of western literature. I don't know if that's obsession, it's just an aesthetic judgment."

For Bloom, it is evident, there need be no difference.

ETHICS TODAY JOE ROGALY

## Why realism must reign

Nato failure is too awful to contemplate - so keep bombing and keep your fingers crossed



The war in Kosovo is too serious for Europe to handle on its own. Fortunately we can turn, as we always do, to the United States. This self-evident proposition should pop a few balloons of self-delusion.

Our first bubble is the myth that the Security Council, or the United Nations itself, amounts to something. It does not. The UN is a paper hat put on Uncle Sam's head when it is useful to wear it. Take away American strength and all you have is an expensive debating-chamber set on the edge of Manhattan Island.

That is why hand-wringing over whether it was legal to bomb greater Serbia is an occupation for international lawyers, not realists.

The same can be said of proposals for a stand-alone European defence force. Let us say something Franco-German is cobbled together. Assume Britain and Italy join in, followed by most of the rest of the EU. The result would be unwieldy, and not powerful enough.

It could not replicate the Stealth fighters, the bombing capacity of *Illustres* of B52s, the mass firings of Cruise missiles that we have seen over the past 10 days. Europe does not possess suf-

ficient will power to accumulate the funds and knowhow needed to match US military capability.

Even the French seem to be dragging themselves towards an acknowledgement that the only superpower on the planet is just that. We can never be sure about what President Chirac will do on the diplomatic front; it is in character for

**Even the French seem to be dragging themselves towards an acknowledgement that the only superpower on the planet is just that**

France to assert its individuality by rocking the boat.

But it is significant that there has been no holding back of French firepower. The country that once flounced out of Nato has contributed 40 Mirage 2000 and Jaguar fighters to the forces attacking Serbian military targets.

As to Nato itself, it is plain that the US is its most important member, outweighing all the others put together. Nato minus France robbed along all-right as long as the great-milk lasted. Without America the most powerful alliance in history

would be a nonsense. It would quickly disintegrate.

In Bosnia, the US sat back during the first phase of the civil war. "This is a disaster happening outside Europe's front door," said the man from the State Department. "We shall let Europe handle it." As we know, Europe mis-handled it.

The US cavalry had to come to the rescue. In Kos-

ovo it has led from the front. Its credibility is at stake.

This is why a Nato failure to curb the excesses of Slobodan Milosevic is so awful to contemplate. There is at least a possibility that when the dust has settled the Serbian president will still be in power, with an ethnically cleansed Kosovo as booty. Even if a fig-leaf peace agreement is brokered by Russia anything close to such an outcome would be a devastating humiliation for the White House.

It would be nearly the equivalent of the crushing defeat of the US at the hands

of North Vietnam, and particularly debilitating while memories of the undignified scuttles from Somalia persist.

This is a forlorn prospect. It would leave the liberal democracies flat, bereft of the ability to deploy their armed forces against ruthless regimes. Some knee-jerk anti-Americans might mutter that the international community would be better off without the great technowarrior to defend it, but we are not of that persuasion.

A catastrophe for Nato would be of a quite different order to a breakdown of the peace in Northern Ireland. The US has been involved in efforts to settle this other long-running tribal conflict on an edge of western Europe but it has not staked its reputation, either military or diplomatic, on a guaranteed success.

We may doubt whether the British and Irish prime ministers could have brokered the Good Friday 1998 accords without US help. This does not stop us from acknowledging the dedication of Tony Blair and Bertie Ahern in seeking a renewal in time for Good Friday 1999.

When Bill Clinton dispatched George Mitchell to Belfast the president knew that the former majority

leader of the US senate faced an almost impossible task. The chances of a lasting peace have always been slim. There would be sadness, but no shame, in a political breakdown.

The Balkan endeavour is far more perilous. Some of those who have begun to perceive the heavy price of failure of the bombing campaign argue that there is only one remaining option - the dispatch of ground troops, with or without Serbian consent.

This sounds stout-hearted and rational, but it could be disastrous in practice. A botched invasion of Kosovo would be the worst conceivable outcome. We have all read of the difficult terrain, the fierce resistance likely to be encountered. It is possible to imagine heavy Nato casualties, including Americans if they were deployed, sapping public support.

We may reach the stage in which the risk of such a debacle seems less awful than a Milosevic victory, but we are not there yet. Meanwhile we weep as we see the columns of refugees on our TV screens. That is why Nato has to carry on bombing, while we keep our fingers crossed.

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BOOKS

# Congo horror

The world was outraged when it learned of King Leopold's sadistic brutality in Africa a century ago. Tariq Ali on a brilliant new history

## KING LEOPOLD'S GHOST: A Story of Greed, Terror and Heroism

by Adam Hochschild  
Macmillan £22.50, 400 pages

In 1961, Adam Hochschild was a student visiting Leopoldville. A drunken CIA agent was boasting how they had organised the murder of Patrice Lumumba, and driven the body of the slain Congolese leader round the city in the boot of the agent's car to find a place where it could be disposed of. Hochschild never forgot the Congo, and three decades later he has produced a history like none other.

A hundred years ago, enlightened people in the western world were outraged by a holocaust in Africa which left millions dead. Denunciations thundered from speakers' platforms around the US and Europe. One open letter to the Times was signed by 11 peers, 19 bishops, 13 newspaper editors and 76 MPs. Viscount Grey, Britain's foreign secretary, declared that no overseas issue had so intensely aroused the British public for 30 years. Arthur Conan Doyle wrote a pamphlet on the Congo atrocities which sold 25,000 copies in the first week alone. Yet today not one person in a thousand could say what the fuss was all about, unless, of course, they have already read this amazing book.

had its colonies in the East Indies, Leopold observed jealously: why shouldn't he have his in Africa?

Henry Morton Stanley couldn't have agreed more. Stanley, as Hochschild reveals, was a darker, more complex and duplicitous man than his image as the heroic explorer who was later lionised and knighted by Queen Victoria. In 1874-77, he made his epic 99-day journey across Africa in which he charted the course of the Congo River, proving that it was a navigable highway into the heart of the continent. News of his feat made Stanley hot property for the imperial powers of the day, and Leopold sent emissaries to meet the explorer off the boat at Marseilles.

Stanley organised the building of roads, steamers and trading posts for the King. He signed treaties with unsuspecting chiefs, all of which were put on the table at the Berlin conference of 1884-1885, where Europe's powers met to divide up Africa formally. At Berlin the Congo was assigned not to Belgium but to King Leopold personally - the only occasion in modern times that an entire territory has been formally recognised as the personal possession of a single human being. The Congo belonged to Leopold for a quarter of a century.

### At the turn of the century, the Congo massacre was on the lips of people everywhere; then the world forgot

Besides status, King Leopold was after the Congo's vast reserves of ivory and rubber. He sent his private army to clear desirable tracts of land of all inhabitants or to establish a regime of slave-labour based on a simple incentive: if a village did not meet its quotas of rubber its adult males, and sometimes women and children as well, were executed. Soldiers cut the right hand off each corpse and brought them back to the rubber

bosses to prove they had set a sufficient example. The more humans sometimes cut the hands off people while they were still alive. Because flesh decayed quickly in the Congo's climate, the hands were often smoked to preserve them. Sometimes soldiers sliced off feet or heads or breasts as well, and photographs of these, as well as of handless survivors, gradually leaked to the outside world.

The first westerner to speak out against King Leopold was a black American, an unsung hero of his time. George Washington Williams was a Baptist minister, lawyer, journalist, historian, and the first black member of the Ohio State legislature. He believed that American Negroes had a role to play in "civilising" Africa, and in 1890, he travelled up the Congo River, agast at what he saw.

From Stanley Falls in the heart of the Congo, Williams wrote an excoriating open letter documenting slavery, kidnapping, rape and murder under Leopold. He went on to describe how Stanley had got chiefs to sign over their land to Leopold. Stanley had persuaded them that whites had the magical power to resist bullets and invoke the sun - he would have someone shoot at him with a blank cartridge, then fish a bullet out of his shoe; he would then use a magnifying glass to light his cigar, and suggest he could tell the sun to do the same thing to a nearby village.

When Williams's letter was published in European and American newspapers, it provoked an angry response from the King and a barrage of comment in the Belgian press. Unfortunately Williams died on his way home from Africa, and it was more than a decade before any American or European spoke out so forcefully again.

The next was Edmund Morel, an official of a Liverpool shipping line that carried cargo between Belgium and the Congo. Comparing his firm's records with official Congo trade figures, Morel realised the King was drastically understating the figures for rubber imports. Ships were quietly delivering to Europe thousands of additional tons of rubber, for which no goods of any kind were



Punch takes up the campaign against Belgium's King Leopold II in the Congo

being sent to the Congo in return. Therefore, Morel reasoned, the rubber must have been gathered by some kind of slave labour. "It must be bad enough to stumble upon a murder," Morel wrote. "I had stumbled on a secret society of murderers with a king for a cronie." Outraged, Morel became a full-time reformer. He won audiences with bishops, presidents and prime ministers, and ignited protest movements in England, France, Switzerland and the US.

Another nemesis of Leopold's was Roger Casement, an Irishman who was British Consul in the Congo, and whose deep sense of justice temporarily coincided with the political interests of his employers. Hearing rumours of the Congo atrocities, Casement was given permission to mount an investigation. Whitehall didn't like Leopold's hogging all the Congo's rubber and ivory, and thought a public scandal might help rearrange African spheres of influence in England's favour.

Casement spent three months travelling through the Congo, collecting testimony and meeting people with severed hands. He knew the area well, and found that the population had decreased dramatically since his last visit. Even when published by the Foreign Office in a watered-down version, his report shocked the world.

Finally, some well-known figures make cameo appearances in this incredible book. There is Joseph Conrad as a sea captain, making his famous journey up the Congo River and finding "the vilest scramble for loot that ever disfigured the history of human conscience". There is Mark Twain, turning his pen and voice to this cause. There is Booker T. Washington, sharing speakers'

platforms with Twain and taking a delegation of black leaders to the White House to demand action against Leopold.

And finally there is president Theodore Roosevelt, whom everyone was trying to influence. Roosevelt was more interested in Africa's big game than its people, but eventually he, too, turned against Leopold. His solution, like that of most reformers, was to urge that the Congo be taken away from Leopold - and given directly to Belgium.

Thinking himself generous, King Leopold had been planning to leave the Congo to Belgium in his will. But in the end pressure from the reformers forced him to turn it over while he was still alive. In 1908, it was not a gift, however: the transfer was the culmination of some royal financial shenanigans that would have Leopold had borrowed money from the Belgian government to develop the Congo, then cooked the books, claimed the colony was losing money, and persuaded the government to cancel his debt to them. Later, when he was forced to cede his colony, millions of dollars were squeezed out of the Congo's inhabitants to pay off him and his heirs.

At the turn of the century, the Congo massacre was on the lips of people everywhere; and then, fairly abruptly, the world forgot. One reason is that King Leopold burned all his archives. Half a century later, when the Belgians had to withdraw from Africa, they took with them 5km of file drawers of documents. Most of this enormous trove has been closed to researchers ever since.

In 1982, Henry Morton Stanley's archives, including his correspondence with Leopold, were bought at auction by the Musée Royale de l'Afrique Centrale. So important did the government consider this acquisition that it sent a Belgian Air Force aircraft to collect it. Since then, on the grounds that the papers are being indexed, access has been denied to outsiders.

King Leopold lived on in grand style, and the news of his household filled the tabloids of the day. To the dismay of the rest of the royal family, he fathered two children by his teenage mistress. When one of these children was born with a withered arm, Punch, recalling the Congo's severed hands, published a front-page cartoon entitled "Vengeance from on High".

To order 'King Leopold's Ghost' at the special price of £20 with free UK p&p, call the FT Bookshop on +44 (0)181-324 5511.

# When the troubleshooter got shot

Crisis manager George Stephanopoulos had a unique view of the White House, writes Lionel Barber

## ALL TOO HUMAN: A Political Education

by George Stephanopoulos  
Hutchinson £17.99, 456 pages

Gennifer Flowers talking in intimate terms about their personal relationship and the presidential race, though he admits to feeling a gut-wrenching anger at being deceived.

The tension between the narrator and his subject is reminiscent of *Primary Colors*, the best-selling novel about Clinton's 1992 presidential campaign. It may explain why Stephanopoulos was originally fingered as the anonymous author rather than Joe Klein, the former Newsweek columnist.

Like Klein, Stephanopoulos is awestruck and appalled by

Clinton's conduct. Both men desperately wanted to believe in the young governor from Arkansas. Both grasped that he was capable of reaching out beyond the Democratic party's liberal base and winning the first presidential election since Jimmy Carter in 1976.

"I came to see how Clinton's shamelessness is a key to his political success, how his capacity for denial is tied to the optimism that is his greatest political strength," the author writes, before adding rather lamely: "For every reckless and expedient act, there are others of vision and leadership."

The second child of a solid Greek family from Fall River, Massachusetts, Stephanopoulos sometimes explains his relationship with Clinton in terms of a seduction. But other motives persuaded him to overlook Clinton's conservative

positions on the death penalty, aid to the Nicaraguan contras, and sending US troops to the Gulf war. He smelt a winner.

After the campaign, Stephanopoulos slotted into the White House. His account confirms the impression of organised chaos during Clinton's first term, whether on gays in the military, Supreme Court nominations or health care reform. The thirtysomethings like Stephanopoulos simply lacked the experience and judgment to do the job. His biggest mistake was to persuade the Clintons to help Bob Woodward, Washington Post reporter, write a book about the first six months in office. The result was devastating and the First Couple never forgave him.

After the Republicans swept the 1994 mid-term elections, the divisions between George and his master grew wider. Clinton

dumped the Congressional Democrats and embraced a tax-cutting Republican agenda. Instead of George, the wide-eyed liberal, Clinton plumped for Dick Morris, the manic political guru and pollster, memorably described here as "the dark Buddha whose belly Clinton would rub in desperate times".

When George meets Dick for dinner in Washington, Morris explains the political facts of life: "Watching from the outside, I could imagine how hard it must have been on the inside. And I want to thank you for winning the last election so I can win the re-election." Stephanopoulos records his own thoughts: "Spare me the unctuous bullshit, you insincere prick. You've been trying to get me fired for months."

Finally, the strain becomes too much. Stephanopoulos has hives. He is on anti-depressants. He




George Stephanopoulos faces the press

starts to hear the sound of forks grinding on china plates. His therapist prescribes mind-games and a new superdrug (a "serotonin reuptake inhibitor"). Finally, he makes the break and kicks his addiction to the Washington power game.

The rest, as they say, is history. When the ultimate bimbo erupts in the form of Monica Lewinsky, Stephanopoulos is immediately suspicious. He knows Clinton is lying because the downcast eyes, the stutter, the dry throat, and

the pale face have given way to self-righteous fury. After he mentions the word "incestuous" in his new role as TV pundit, he becomes a non-person at the White House.

All Too Human was obviously a cathartic experience for Stephanopoulos. But knowing how he aided and abetted in Clinton's own deceit, the question one is tempted to ask at the end of the book is: hey, George, how come it took you so long to wise up?



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**FINANCIAL TIMES**  
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## United colours in a divided nation

Paul Betts looks at the rise and controversy of the Benetton family and business

**BENETTON: The Family, the Business and the Brand**  
by Jonathan Mantle  
Little, Brown £17.99, 320 pages

First there was Italy's postwar economic miracle. Then the "bribesville" corruption scandals that shook the country's political and business institutions. Now the country is in the throes of a "big bang", provoked by membership of European monetary union and financial globalisation, and undergoing a financial and economic earthquake, while the old business and political networks that traditionally pulled the strings of power are falling apart. Relatively small companies are staging hostile, highly leveraged takeovers for some of the old icons of Italian industry. Big banks are trying to get into bed together.

All this has to a large extent overshadowed the Benetton phenomenon. Not that one of the country's few truly global brands has remained indifferent to the tidal wave of change sweeping the country.

The Benetton family has been diversifying to seize opportunities offered by the opening of the Italian market and the dismemberment of both the state sector and the old networks of the *salotto buono* - the good drawing room of Italian private finance. They are planning to bid for the privatisation of Italy's airports and railway stations after expanding in the European

motorway café and shops business.

But as a sign of how times are rapidly changing in Italy, Benetton, for all its retailing might, has just dropped out of the MIB30 - the Milan bourse's index of the country's 30 most highly capitalised stocks.

The company and its family members are no longer grabbing headlines. Its revolutionary marketing techniques, relying largely on the undisputed if controversial talents of the maverick photographer Oliviero Toscani, are beginning to look tired.

Luciano Benetton, like all prices of Italian industry and commerce, still gives interviews on the state of the world and Italy, but his company, once a symbol of a new style of Italian hip capi-

talism, has become distinctly bourgeois.

Yet it is still a classic rags-to-riches story, a little piece of Italian history and one which, until a few years ago, reflected the many ingredients that constituted the country's postwar economic miracle. Undoubtedly, too, the Benetton family and corporate saga played an important early role in transforming old Italian business attitudes. It is also a remarkable story of personal achievement.

Jonathan Mantle's book is a detailed and straightforward account. Although it claims to have penetrated the secret world of Benetton, the overall impression is that the formidable well-oiled publicity machine has again successfully done its job of promoting Luciano, the family patriarch, the rest of his family and the brand. In the same way that Richard Branson manages to charm his opponents, the combination of Luciano's charisma and Toscani's artistic skills has a seductive power, and Mantle was clearly not immune to the Benetton spell.

Luciano Benetton is a character straight out of a Roald Dahl book - at least in his formative years. He rode 20 miles to school and back on a bicycle. He had to look after his younger brothers and sister when his father, who ran a small hired car business, died. He went to work in a local store. Together with his sister Giuliana, who became the creative talent behind the firm,

thousands of shops around the world bought these clothes and sold them. Benetton did not charge any royalties. The storekeepers had to pay for the clothes and Benetton would not take back the unsold stock.

Like Branson, Luciano Benetton understood the changing fashion and life-style demands of the younger generation. Above all, he understood their colour sense. And thus was born United Colours of Benetton. With Toscani, he set the world on fire with explosive marketing campaigns that hit home hard big issues such as racism, AIDS, war and peace.

Benetton has often been criticised for exploiting these issues as a marketing gimmick. That is unfair. There is undoubtedly a nobler commitment, even though there are obvious commercial gains. Once again, there is a strong parallel with the Branson method: no hot air balloons but Formula 1 racing and, of course, the ubiquitous smart sweaters that both entrepreneurs enjoy wearing. Both, too, have posed nude to promote them-

selves and their business.

Mantle does shed some interesting light on the personal aspects of this all-Italian family saga. The reaction of Luciano Benetton to an armed robbery in his villa and a failed kidnapping attempt is played out against the backdrop of Italy during the years of the so-called strategy of tension, when the Red Brigades shot leading politicians and industrialists to disrupt the old order and attempts by the Church-dominated Christian Democrats and the communists to seal a historic political compromise. The book also details the construction of a world empire run from the old town of Treviso in what has become one of the richest regions in northern Italy.

Luciano Benetton's business philosophy, says Mantle, was to build an empire without stress. On the occasion I met Benetton in his magnificently reconstructed villa, which serves as the company's headquarters, he wore a plum sweater, spoke softly, always pausing before answering questions. He gave the appearance of a deceptively shy man, a loner. Mantle's book confirms this impression.

With the Italian world immediately around him exploding, Benetton's stress-free facade may be starting to come under strain.

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BOOKS

# A king for his time

Tim Blanning considers a new biography of Frederick the Great, whose military exploits still affect Europe

**FREDERICK THE GREAT: A Life in Deed and Letter**  
by Giles MacDonogh  
Weidenfeld & Nicolson £25, 436 pages

Biographers of a king or queen who lived in interesting times can hedge their bets. If their subjects prove to be dull old sticks, they can liven up the narrative by highlighting the context - Georges I to VI of England are examples that spring easily to mind. If they are sensible enough to choose a sovereign whose personality matches their context, then they are home and dry. In this sparkling new life of Frederick the Great of Prussia, Giles MacDonogh scores on both counts.

When Frederick was born in 1712, Prussia was a third-rate German power on about the same level as Saxony or Bavaria. Indeed, its king had gained royal status just 11 years earlier and was known only as "King in Prussia" because the western part of his eponymous kingdom was under Polish rule. By the time Frederick died in 1786, he had thrust his state into the front rank of European powers, increasing its territory by 50 per cent, its army by 150 per cent and its population by 200 per cent.

Moreover, this was unquestionably his personal achievement. If it was his great-grandfather who set the ball rolling and his father who created the army which made his early victories possible, it was only Frederick's genius - no weaker word will suffice - which made this meteoric rise possible. Even more than his near-contemporary, Tsar Peter of Russia, he deserved his sobriquet "the Great".

The decision he took less than a year after coming to the throne to invade Silesia and wrest it from the Habsburg monarchy was a truly world-historical moment. The effects are still being felt today, for good and ill (mostly the latter).

It was a personal achievement,

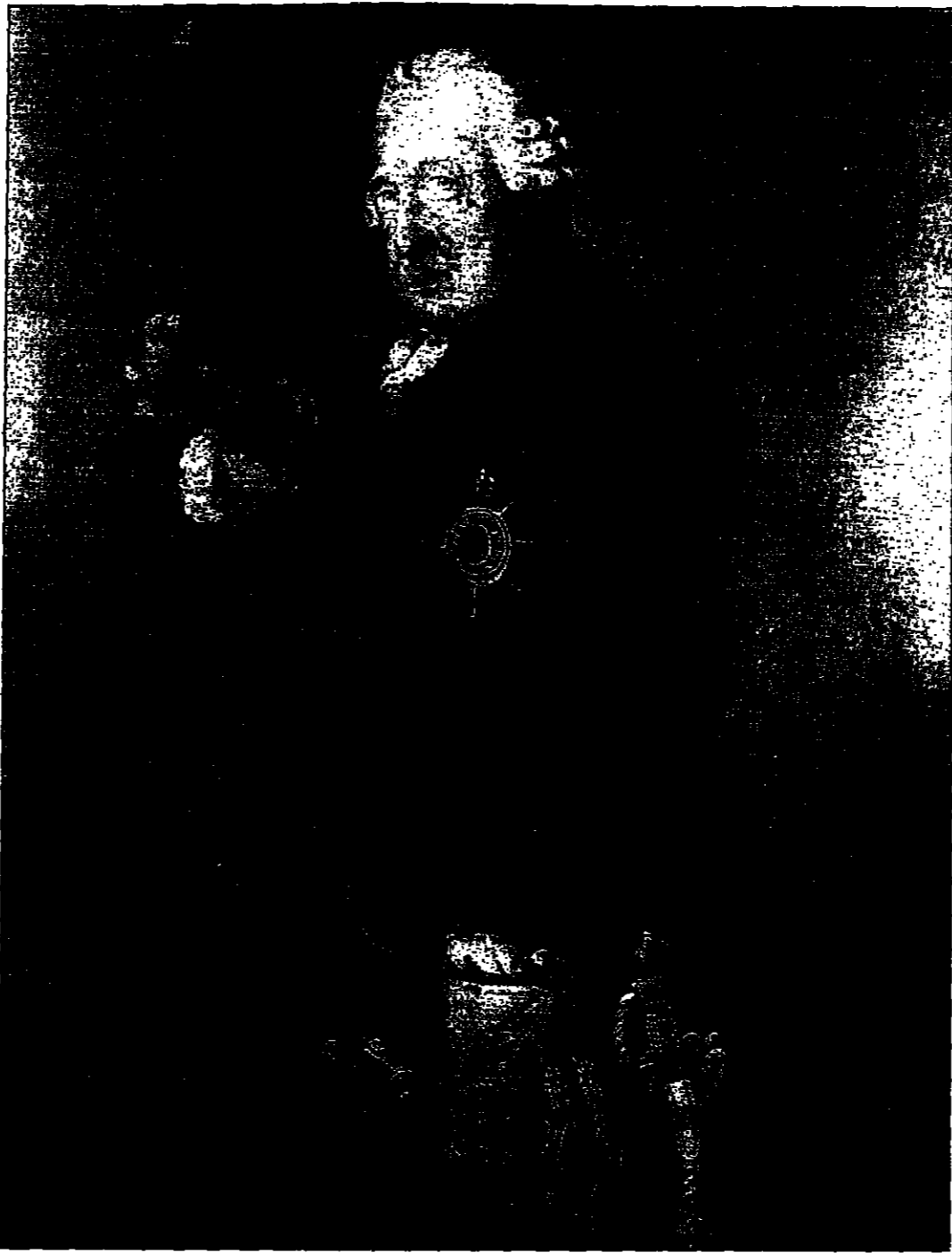
not just because he took the decisions but also because it was he who carried them out. For all the noisy acclaim which still resounds around the undeserving head of Napoleon, Frederick has the best claim to be the greatest ruler-commander of all time, not least because he knew when to stop. His crushing victory at Rossbach on November 5 1757 over a French army twice as numerous as his own, and all in the space of half an hour, certainly bears comparison with Marengo or Austerlitz. Indeed, its long-term consequences were far greater.

But that is just the start. Even if Frederick had never fought a battle, he would still claim our attention as reformer, writer and even musician. No sooner had he come to the throne than he abolished torture, relaxed censorship and forbade religious discrimination.

Frederick's maxim that his subjects should be permitted to worship and fornicate as they saw fit is all the more striking when one recalls that this was a time when a French adolescent could have his hands cut off, his tongue cut out and be burned at the stake for uttering childish blasphemies.

In short, Frederick the Great presents a wonderful subject for a biographer and Giles MacDonogh certainly seizes his opportunity with both hands. He has immersed himself in Frederick's voluminous works and his even more extensive correspondence, emerging with the most convincing personal portrait available in any language. As he is not encumbered with the German sense of pride which distorted earlier accounts, or the more modern but equally limiting German sense of guilt, he is able to present the man as he was in his time, and not as the progenitor of German unification or German genocide.

Writing with a verve and wit worthy of his subject, MacDonogh presents Frederick as both highly intelligent and highly neurotic. That such a personality could survive the ordeal inflicted by his semi-literate brute of a father says



Frederick the Great in 1786: by the time of his death, he had thrust Prussia into the front rank of European powers

a great deal for his underlying toughness. It may also account for his spite, malevolence and misanthropy, which grew worse in old age. Although capable of acts of kindness and affection, he could be a terrifying despot in his personal relations. In this department, he met his match in Voltaire, who spent three tempestuous years at his court in the early 1750s before being ejected in disgrace.

Part of Voltaire's revenge was to spread the rumour that Frederick was homosexual. A biographer is quite right to address his subject's sexuality and MacDonogh does so with exemplary objectivity, never

speculating beyond what the sources reveal. On the one hand, he avoids the tight-lipped attitude of many German historians reluctant to believe that their hero was anything but hetero, on the other hand he resists the temptation to follow others of a different stamp, such as the late A.L. Rowse, in claiming him as one of their own.

Frederick was certainly a misogynist and undoubtedly preferred the company of men, but almost all the evidence that he was an active homosexual stems from Voltaire. MacDonogh's judicious appraisal should be the last word on the subject.

# Hearing the key theme

Candia McWilliam investigates Vikram Seth's new novel about deafness and musicians

**AN EQUAL MUSIC**  
by Vikram Seth  
Phoenix House £16.99, 400 pages

The cruelty of fiction is that its organs may be in the right place, its complexion excellent, but if it has not breath, it will not move. A *Suitable Boy* did move. If one believes that works of art can embody the good, it was a virtuous book, of enormous length but also of a blessed kind of quiet. It did not clamour; therefore one paid attention, enjoying the surcease of babble and garishness that had stirred much of the surface of subcontinental literature in English for some time previously.

*The Golden Gate*, Seth's accomplished homage to Charles Johnson's translation of Eugene O'Neill, was smug, but had every right to be. It caught California's freedoms in its disciplined rhythms. Like its huge little brother, it withstands repeated readings.

This new novel addresses itself to what the author, in an afternote, says that he holds "dearer than speech", that is music. With his understanding of silence, periods, rhythm and tempo and his obvious attention to composition, he would seem a fine candidate for this challenge, to which Proust is one of the few to rise successfully.

*An Equal Music* offers as its hero Michael Holme, who plays second violin in the Magglore Quartet. A quartet is a good subject for a novel, providing sufficient personalities and a pungent mixture of grind and art. The other players are gay Piers, his disappointed sister Helen, and uxorious Billy who likes chocolate biscuits and is in consequence overweight.

Repeatedly throughout *An Equal Music* this schematic structure of character disappoints the reader who had heretofore relished Seth's stealth and subtlety with human nature. It would be wrong to dignify the imaginative shortfall of this book by ascribing it to the narrator, although it is true that he does seem to be locked in a persona of startling limitations. Some wonderful musicians manifest an almost autistic relation to the world, but surely no novelist as intelligent (and committed to high art) as Seth would choose an apologist so direly undeveloped as Michael.

With an admirable instinct for the exotic, Seth has drawn Michael from the northern working class. His father, a butcher, possesses a car and a television; there is talk of stocky footstuffs. But the whole earnest scene topples perilously when goblets of - wholly worthy - politicking intrude. The best-developed theme of the book, anyhow, concerning the generosity of kind Mrs Formby who spots Michael's talent and finds for him not a ukulele, but a violin, would have made the point without unbalancing over-emphasis.

Aged six, Michael was shut in one of his father's meat refrigerators. Judging from the uninflected

frozenness of his subsequent self, we must believe this was his primal scene. Yet *An Equal Music* presents itself as a novel about love. Michael has loved and lost the half-Austrian pianist, Julia, by whom he is haunted, although when we meet him he is sleeping with the implausible Virginia who has simply been taken off a shelf at Agnes B.

When Julia returns in his life, Michael cannot at once place what is strange about her. We intuit what it is, but only just, since the clue is given by the woodenness of her speech, which in the context of a novel whose dialogue is distinguished for its board-game literalness, is risky. The pain and irony of a fine musician's encroaching deafness is a great subject. Sadly neither Michael nor Julia is up to conveying it. We accompany the two artists through the misery of adultery, to Vienna, to Venice, even, and we feel little beyond irritation and an unwilling embarrassment at the persistent implausibility reminders of Julia's gender to which we are treated, her scent, her hair, her scarves, her unconvicted desirability. Michael, too, has a gender-specific wardrobe of things to be and do. More mention is made of his

More mention is made of his shaving than might be required of a neophyte teenage boaster

shaving than might be required of a neophyte teenage boaster. He buys croissants, seven at a time. He inhabits a London that might have fascinatingly been exposed, the London of not very highly remunerative creativity, while Julia lives in Elgin Crescent. The mighty heart could just as well have given out, for we hear no intimation of its beat.

It is miserably hearing, in which this book, for all its preoccupation with the cruelty of deafness, is most deficient. Music itself suffers throughout from the axepic kind of writing that is the bane of any but the best sleeve-notes, and from being discussed by the members of the Magglore Quartet in a way that reminds one how perilous, if sweetsuckingly pleasurable, is shop-talk. But the great uncatchable elusive thing remains out of reach.

There are felicities, but they do not flow. Surprisingly, beneath the unsatisfactory surface and the declared beautiful themes, this is a book deep in dislike and distaste, of smuggled anger. This suggests that the author simply could not help writing it, for both the best and the worst reasons. I do not doubt that it constitutes a labour of love. *Do xa oxpa afine then, uniquely in the work of this much-praised writer: instead one feels sad, but not in the way that art will leave you so, and not bereft but released.*

# Songs from the subcontinent

Jan Dalley on rock 'n' roll, leaving home and the Rushdie effect

**THE GROUND BENEATH HER FEET**  
by Salman Rushdie  
Jonathan Cape £18, 575 pages

The book tells us, seriously-puzzlingly, over and over again, "is losing the east". Then, because the pivot of the novel is rock music, and Rushdie has larded his huge, roaming, multi-layered text with popular lyrics, there is the echo of another song: "The concrete and the clay beneath my feet / begin to crumble / but love will never die / and we shall see the mountains tumble / before we say goodbye..." For this is a love story, as well as a story of emigration and transformation. The woman at its centre is Vina Aspera, half-Indian, half-American, displaced and abused, a wail who claws her way out of her past and into rock 'n' roll stardom. Hers is one of the main journeys charted in

this book full of globe-trotting and shifting ground. When she was still a skanky teenager in Bombay in 1958, Ormus Cama, neglected son of Parsi Anglophiles, and Umeed Merchant, aka Rai, both fell in love with her; instantly and for ever.

Rai is the novel's acerbic narrator - although master of ceremonies, ring-master might better describe his role as he fills in the details of how these three Bombay kids, one by one, steer themselves into the realms of the internationally successful, reinventing their lives "from the ground up". Rai is a photographer, an observer and snatcher, and the loser in the infernal love-triangle - for although Rai loves Vina, Vina loves Ormus - and Ormus is many-talented, handsome, an inspired songwriter, irresistible to women. (But luckily for Rai, Vina's expansive appetite means she is often to be found sprawled in his bed. She's a woman who wants more than she wants.)



Salman Rushdie: lyrical

Ormus and Vina together form a band called VTO, and move towards mega-stardom: in the last part of the book they are to be found, John-and-Yoko-like, trapped by fame in a Central Park apartment block.

Everyone in this book is like someone else, or many other people. Spot the references: it's a rock buff's dream. VTO are Sonny and Cher, the violent lovers. Ormus, the handsome genius

and surviving half of a pair of twins (like Elvis), evokes flashes of Bowie, of every dazzling star; Vina in all her irresistible awfulness is Tina Turner, or Joplin, or Madonna, or (listen to her name) Diana - for after her death she, too, becomes the centre of a cult industry.

And Rai the "event-junkie", who lives everywhere and nowhere, who was born like his creator in 1947, forced to leave India by threats on his life - Rai is at least partly Rushdie. This is the best sort of autobiographical fiction, in which the authorial self is splintered and refracted from several sides. Rai the "invisible" man is Rushdie-in-hiding, while Vina's rock 'n' roll existence is a capable parallel for Rushdie's world stardom - or notoriety. Vina dies in a Mexican earthquake on February 14 1989, the day of Rushdie's *Jahna*.

There is much more in this rich book, too. Literary and musical references, punning and probing, profound

and skittery, are piled and jumbled, seemingly ragbag - cricketer and pirate radio, a thickly composed layer of mythological allusion, running jokes, timeless labyrinthine wordplay, cracks at the Pope and the American Soul, joshing hilarity, hunching sentiment, biochemicals. Controversy is never far away. While critics in the UK are already heaving this as Rushdie's best and deepest yet, in India he has been attacked for bombast, for sneering at his former countrymen, for doing nothing more than to "echo the great noise of the modern world"; that remark could be taken as a compliment.

The same Indian commentator declared that British and American critics are unable to take a tough line with Rushdie, that we are soft on him for reasons to do with the life, not the art. Perhaps. Maybe we need some writers to be phenomenal, and - love him or loathe him - Rushdie is our best candidate. But from this side of the "membrane that separates east from west", it feels as though this book is a lament for the subcontinent. Not a dismissal of it; a chronicle of Rushdie's own disorientation, his loss of the east.

# The force will always be with him

In Alec Guinness's journals, Roger Lewis finds provocative opinions from a remarkable actor

**A POSITIVELY FINAL APPEARANCE: Journals 1996-1998**  
by Alec Guinness  
Hamish Hamilton £16.99, 246 pages

was thrilled by its sinister drug-induced quality? These journals, with their provocative opinions, are magnificent. This is the volume Shakespeare would have produced, once he had retired from the hurly-burly of London's theatreland and returned to the countryside. It is the work of a vividly alert mind; Guinness, like Shakespeare, is attentive to landscape, atmosphere, animals and insects, but the book is lippid and economic; he doesn't strive for poetry, or purple-passage effects.

on his eye at St Thomas's. Suddenly, he can see in full colour for the first time in years. The plane tree in his garden, pots of geraniums, hot carp in his pond ("which look like sparks as they flash through the water"). Guinness is thrilled by his new vision.

He makes excursions to a German spa, to the Cornish seashore, and to the Camargue ("its meandering shallow waters: crept into my soul"); he celebrates his diamond wedding anniversary with his loving helpmeet, Merula; he attends mass regularly; he prompts memories and perceptions. "The theatre was to be my whole life," he says, remembering playing Hamlet, or the Fool to Olivier's Lear. Falling over in the stalls at the Albany, he gives an account of life backstage there half a century earlier.

But one reason he is a great actor is that the theatre has not been Guinness's whole life. Like Shakespeare, he is a family man. As his grandchildren pile into the house, he ruefully remembers carting his infant son about on trains during the war ("We sat around in the dark on grimy, sooty stations which had no lights"); and, again like Shakespeare, he is no sentimentalist. He notices the egocentricity of children, the eruption of sudden rage - and I wonder if this is not true of the older Sir Alec, too? There is a huge amount of impatience being kept under control.

This slightly sinister side - which gave us Professor Marcus in *The Ladykillers* or Fagin in *Olive Twist* - is alluring. He has even tried voodoo - his victim dropped a red-hot iron on her foot. His favourite moment in *Peter Pan* is Mr Darling's attempt to poison Nana. He once had a fondness for energetic Greek dancing, complete with plate-smashing. He "admits to having enjoyed some of the bitchiness" in Woodrow Wyatt's secret diaries, and, gazing at the destruction they've caused in his garden, he claims, "I would kill rabbits and moles whatever the weather, if only I knew how".

Squirreling in the country, he is Footersish - almost Gloucestershire - in town. His hearing-aid detects every crackle and whisper and Simon Callow's booming voice makes it blow up. The batteries of his mobile phone spring out and hit him in the face. He invites Ralph Richardson's widow to lunch, only to find that she has locked herself in her own house. They converse through the letterbox. He goes to a gallery and fondles

the declivities in a Barbara Hepworth sculpture, fearful that he will be ticked off by the guard.

Comical about himself, he can be devastatingly ironic about others. Tony Blair's over-rehearsed speeches make him suspicious ("Everyone was thanked, including his mother, who is no longer alive"); and of David Hare's play *Amy's View* he simply remarks: "The packed audience was astonishingly enthusiastic." His suggestion for the Greenwich Dome is that an appraisal of the great achievements of the millennium should be placed alongside their misuse - e.g. a painting of Faraday next to an electric chair.

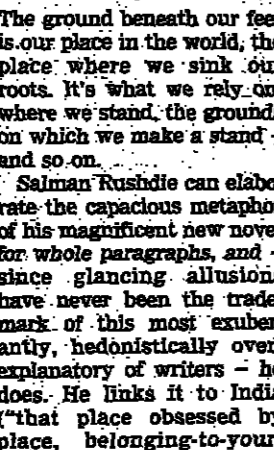
"This afternoon," he says, there was thunder which "grumbled and withdrew, leaving the air fresh and lively". Guinness, temperamentally, is like the ele-



Guinness: his slightly sinister side is alluring

ments, clement, potentially violent, and definitely capable of beautiful effects: morning frosts on the grass, "the moonlight emphasising the hundreds of molehills".

This book is a testament to his delicate precision; to the way his energy is continuously replenished by curiosity. Sir Alec Guinness's reveals are far from endless.



The ground beneath our feet is our place in the world, the place where we sink our roots. It's what we rely on, where we stand, the grounds on which we make a stand - and so on.

Salman Rushdie can elaborate the capacious metaphor of his magnificent new novel for whole paragraphs, and - since glancing allusions have never been the trademark of this most exuberant, hedonistically over-explanatory of writers - he does. He links it to India ("that place obsessed by place, belonging-to-your-place, knowing-your-place"), home of the three substantial characters in his teeming cast of vividly drawn caricatures. Moving down into the gut-space of the underworld, he links it to chasms and infernos, grave-spaces, the supernatural, mythological black holes and even pipe-work - anything that gaps horribly beneath us when certainties give way.

And solid ground does give way, repeatedly. Earthquakes rumble through the book, finally (on the first page) swallowing its heroine. The three protagonists each lose their home-ground, choosing to leave India behind: "Disorientation," as

"Sir Guin!" cries a Chinese waiter, "now that *Star Wars* is being shown again you will be famous once more!" A running gag in *A Positively Final Appearance* is that Sir Alec fears he will only be remembered for his Obi-Wan Kenobi. "I shrivel inside, each time it is mentioned," he complains of the sci-fi movie.

But the fact is, his cowed Jedi Knight did possess a wonderful gravitas. By playing Luke Skywalker's mentor as Prospero, Guinness brought a lifetime's experience as a classical actor to the role. He managed, by the force of his personality, to suggest a larger, unknown world.



## ARTS

# The Russians are coming

A powerful photographic display reveals the Soviets' troubled history, says Andrew Jack

There are many graphic, and balanced, histories of the Soviet Union; but there are considerably fewer photographs to provide a rounded visual description of the communist experiment played out in Russia over most of the 20th century.

A pioneering exhibition that opened in Paris, and is touring the world, co-ordinated by the recently created Moscow Photography Centre, attempts to redress the balance with striking images taken over the period 1917-91. It provides an impressive record of a troubled nation's turbulent evolution.

The organisers faced a serious problem. While researchers in most countries can draw on large quantities of official and unofficial visual material, Russian photographers under the Soviet era experienced the same harsh constraints as those faced by their peers working in other artistic media.

Initial filtrations between the new regime and left-leaning avant-garde artists began to break down in the 1920s. By the 1930s, photography had become an essential propaganda tool - and was seen as especially powerful in a country with a literacy rate of little above 20 per cent at the turn of the century.

A mixture of incentives and denunciations channelled those photographers who were still permitted to exercise their profession towards the approved themes of the authorities. The purges crudely disguised with those who strayed. There was painful self-censorship, such as that of Max Penson who one night burnt in his own garden thousands of photographs he had taken of people subsequently killed by Stalin.

While many Soviet photographic archives were neglected or destroyed, those maintained by the KGB were meticulously preserved. A powerful section of the exhibition, entitled under a red light "enemies of the people", shows the head shots of victims of the purges of the 1930s, most of whom were posthumously rehabilitated after 1989.

Some officially sanctioned images stand in their own right as extraordinary historical documents: the original tomb of Lenin erected in wood in 1924 in Red Square, grieving mothers standing over corpses on a Russian battlefield in 1942 and a colour photograph of Stalin in his open coffin in 1953.

Other powerful pictures, whose survival is not explained, include one of an orchestra playing as prisoners painstakingly constructed the White Sea-Baltic canal in the early 1930s - a project that claimed 700 lives a day.

A striking element in many of the images is that they have come back to haunt their creators, proving as powerful an indictment today of the system as they seemed a positive force at the time. For example, there is a picture capturing the demolition of the cathedral of Christ the Saviour in central Moscow in 1931. It was ignominiously replaced by a swimming pool, and has recently been rebuilt.

A number of images from the period of heavy industrialisation in the 1920s and 1930s, with men balanced on metal girders as they build skyscrapers, or toil with

heavy machinery, are also reminiscent of photographs and drawings produced in the US during the same period.

While the Russians used them to boast of their industrial prowess, many American artists saw the same activities as crudely exploitative and symbolic of the destructiveness of modern life. That provides a thought-provoking reminder that very different - and far less crudely totalitarian - influences can produce similar results. And that even manipulated images can have a power that escapes the control of their masters over time.

And time and again over the decades, with the passing of so many momentous events, there are powerful photographs of crowds, showing thousands of people carrying expressions of jubilation that are not so different when praising the communists as when celebrating their downfall.

Not content with simply limiting photographic output, the Soviet regime also indulged in plenty of doctoring of images, of course. Stalin was well-known for air-brushing out his enemies in pictures just as easily as he dispatched them in life.

But the exhibition goes further with photographs which add rather than take away from history; notably in the supposedly violent night-time assault by soldiers on the Winter Palace in 1917. In fact, the state was again rewriting the facts: it seems there was little struggle, and the image was taken in 1927 during a "reconstruction" of the assault during the filming of Eisenstein's *October*.

There are weaknesses to the exhibition's analysis. It displays a well-known photograph of Lenin and Stalin on a bench in Gorky in the 1920s, which was designed to legitimise the succession of the former by the latter by showing how close they were. It states without any supporting evidence that it was doctored and that no photographs exist of the two men together for the period. But other historians argue that the original negative proves the picture to be genuine.

A more visibly doctored photo of a group of artists gathered around Khrushchev at his dacha passes without comment. So does "the first tractor" from 1927, supposedly constructed in a Russian town as agricultural expansion went into full swing, even though it suspiciously carries the logo "Fordson" marked in the roman alphabet on the bonnet.

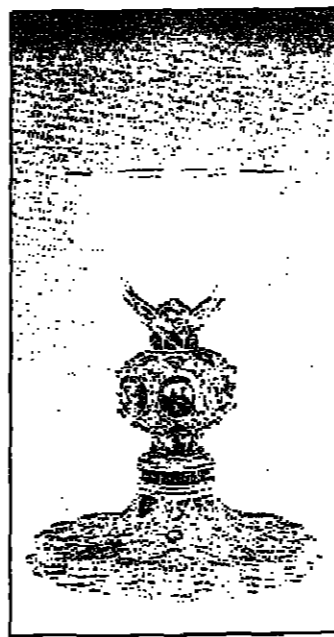
The strongly anti-Soviet line the exhibition takes in its descriptions - notably in the catalogue - does little to place the country in the context of what came before. Even if priests were among the victims of the regime's purges, it is difficult not to squirm at the contrast of the impoverishment of the vast majority of Russians at the turn of the century and the largesse of the Orthodox Church, for example, which is captured in one picture of a stack of confiscated golden crowns.

The only other problem with this exhibition at the start of the year was its location in Paris, buried away in near-Soviet impersonal surroundings, on the roof of the metal and glass Les Halles shopping complex. Those who managed to find it, in spite of the poor sign-posting, were rewarded for their efforts. Those who do so in its subsequent locations may have an easier time.

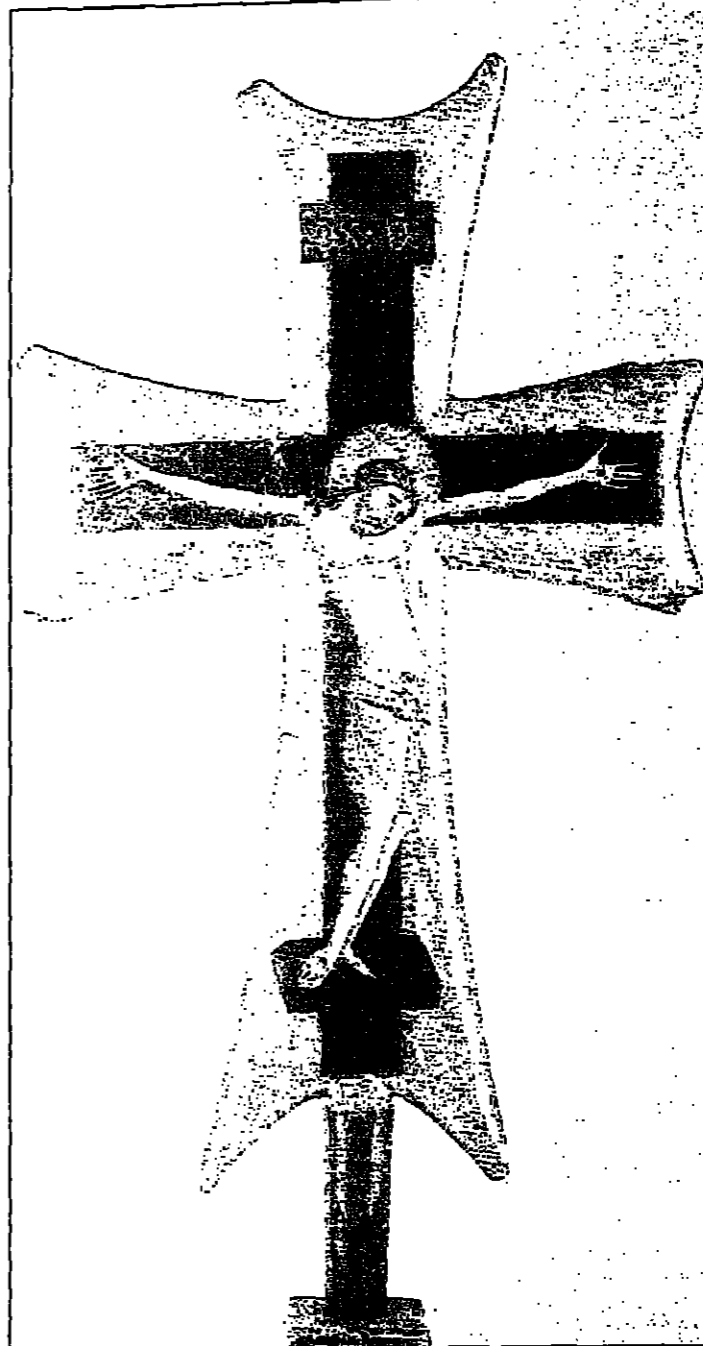
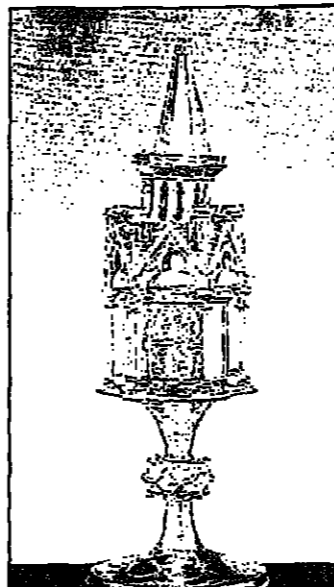
"1917-1991 - la photographie soviétique, miroir de son temps". In Castrana, Russia, in April, then touring to Barcelona, Venice and other cities, including Washington DC next year.



'St Lawrence' by Gherardo Starnina (Florentine, active between 1391 and 1412)



Top: silver-gilt chalice of Nicholas IV, by Guccio di Mannaja. Bottom: reliquary of St James, French workshop



Master of the Blue Crucifixes, double-sided crucifix (Umbrian or Emilian)

## Precious and ancient Assisi

In New York, Susan Moore views the rarely seen treasures that are travelling the world, the like of which may not be seen again

If any good could be said to have come from the calamitous earthquakes that ravaged the Upper Church of the Basilica of St Francis in Assisi in 1997, it is through the pleasure afforded by the 70 spectacular and revered icons, relics and works of art from its treasury that have been dispatched on an international tour in its wake.

The exhibition travelled first to the Petit Palais in Paris, and moved on, appropriately enough, to San Francisco, but its showing at the Metropolitan Museum of Art in New York offers the greatest treat. Here, some 30 additional loans have been drawn from European and American private and institutional collections to complement and place in context this core of panel paintings, illuminated manuscripts, processional crosses, simple pottery and sumptuous liturgical embroideries and reliquaries.

Many of these masterpieces - the gifts of kings and prelates as a sign of their devotion to the ascetic, who effectively revolutionised the medieval church - were rarely seen (the Assisi museum treasury was often closed). Only the gravity of the Umbrian disaster has prized such precious and relatively fragile loans from the basilica, the Vatican, Perugia, Kevelaar and elsewhere. There may well never be another such overview of 13th century panel painting on show outside Italy.

The most revered and precious,

perhaps, is one of the earliest portraits of St Francis and four of his posthumous miracles, probably painted by a Byzantine artist working in Assisi and known as the Master of the Treasury. This gold-ground panel is an icon in a very real sense: long venerated not only as a supposed portrait of the saint but also for having been painted on the board said to have been used to wash his body at his death.

St Francis is shown full length, holding a cross in one hand and a Bible in the other, its open pages inscribed with the passages of the Gospel of St Matthew which, his biographers recount, determined him to dedicate his life to lady poverty: "If you would be perfect, go, sell what you possess and give to the poor."

Surrounding him are vivid narrative scenes of the miraculous cures that took place at his tomb, from healing the deformed and crippled to exorcising the possessed woman of a scrawny black devil. The complex treatment of the architecture and the pictorial space of the sophisticated, elegant compositions is simplified and Italianate in the Vatican panel of the same subject and similar date, exhibited here side by side for the first time.

Whether this is a copy of the former, or both are versions of a lost prototype, is hotly contested but the Assisi panel is among the most accomplished paintings produced in Italy before Cimabue's own reinterpretation of the Byzantine sources heralded a rebirth of painting.

Again, generous collaboration (excepting one European collector who refused to lend) brings together nine of the 10 panels of perhaps the most glorious of all 13th century Italian altarpieces. These panels of apostles, prophets, saints, the Deposition and the Lamentation, are the work of the so-called Master of St Francis, an

artist who, with his workshop, also produced frescoes and stained-glass windows for the basilica. More arresting still, is the double-sided crucifix of the Master of the Blue Crucifixes, the finest of a small group of painted crosses associated with the Franciscan devotion to the image of the suffering Christ on the Cross.

One of the triumphs of this show is the insight it offers into the Assisi workshops, whether of the panel painters or of the scribes, illuminators, carvers, glass-makers and goldsmiths who flocked to the town from all over Europe after the

foundation of the basilica in 1228. Here, for instance, is a humble painted wooden casket that might originally have contained the sandals of St Francis and another, almost identical, casket that serendipitously came to light only recently in a private collection.

Along with various precious reliquaries inset with *verre églomisé* roundels engraved with images of St Francis, from Assisi and the Met collections, they suggest a substantial regional craft industry serving the faithful. It seems likely that distinctive decoration and techniques were developed almost as a means of authenticating at least the origin of the relics for sale.

It was a two-way traffic. Contributions flowed into Assisi, too, for the building's decoration and enrichment of the basilica. Henry III of England and Wenceslas of Bohemia sent large sums of money; Louis IX and Philip IV of France, among others, sent fabulous gifts. Here, for instance, is the spectacular late 13th or early 14th century silver-gilt chalice of Nicholas IV, the first Franciscan pope, the only signed piece by the Sienese goldsmith Guccio di Mannaja, and inset with almost 80 engraved and vividly coloured and translucent enamels: the Parisian Reliquary of the Seamless Robe of around the same date; and the grandest of grand 13th century embroideries, the Florentine altar frontal of Sixtus IV, designed by Antonio Pollaiuolo and Francesco Botticini.

St Louis's gift of a single spine from the Crown of Thorns he had purchased from Baldwin II of Jerusalem and had simply mounted in precious rock crystal is of perhaps appropriate but deceptive modesty; it was for the rest of the Crown that the king had had the Sainte-Chapelle built in Paris.

Most eloquent of all is the humble, tiny copper crucifix that belonged to the Blessed Giles, the first companion of St Francis, its corpus worn smooth and all but formless by his devotions.

That is one of the treasury's most recent gifts. The least expected, perhaps, concludes this show: the bulk of the rather uneven art collection of Frederick Mason Perkins (1874-1955), born in the US of English parents but a long-time resident of Assisi and a Franciscan tertiary - its jewel is Lorenzo Monaco's "Madonna of Humility". Along with his more famous counterpart, Bernard Berenson, Perkins can claim responsibility for the rediscovery of Sienese art by collectors in England and the US - exemplified by Robert Lehman, whose wing at the Metropolitan Museum is host to this timely show.

The Treasury of St Francis of Assisi, supported by the Banca Monte dei Paschi di Siena and Alitalia, continues until June 27, and shows at the Palace of the Legion d'Honneur in San Francisco. July 24-October 24.

thing beyond his playing style that speaks to me, something from his personality."

Like Coltrane, Garbarek's inspiration is spiritual. He believes that all music is about the human condition and that is why every person can connect with it. "In all cultures, points of transformation - birth, marriage, death - are usually accompanied by some sort of music," he says. "We all recognise fundamental emotions in different musical cultures. These emotions are our common ground."

With my group, I write all the melodies and the arrangements and on the stage there are long stretches where everything is pre-prepared," Garbarek says. "But with the Hilliards I'm free to do whatever I want at any given point - or not to play, if I so wish. That's important and I'm always striving not to cover up what they are doing."

Garbarek strives for simplicity, with the focus on note quality rather than quantity. And although he doesn't go in for dense, note-packed lines, any follower of John Coltrane will hear a heartrending cry in Garbarek's sound which recalls the American sax hero. "Sure, Coltrane was my daily bread for years from the age of 14, but I don't think I really sound like him," he says. "It is some-

Jan Garbarek and the Hilliard Ensemble, "Mnemosyne", ECM New Series 1700/01 2-CD set 465 122-2 is released on April 14.

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## A trip down quality street

Garry Booth talks to Norwegian saxophonist Jan Garbarek about his new album

on written fragments, sometimes recovered from old book bindings, for example.

The opener, "Quechua Song", is actually three Peruvian folk songs, which only Potter knew until the day of recording. The Hilliards' David James (countertenor), Rogers Covey-Crump (tenor) and Gordon Jones (baritone) were each given a copy of their song only, and didn't know what the other bits were. "We put them together and filled in the harmony from the notes of the Peruvian scale," Potter says.

Spontaneity is key to Garbarek's contribution, too. "The singers run through a piece once or twice while I listen. Then I try to play along with it," he explains. "If I think I can contribute to it, we do a take. Or I might say, no I cannot find my way into this piece and we have to look for something else."

Mnemosyne, recorded in the Austrian monastery of St Gerold, takes in an Estonian lullaby, Orthodox Russian music and a native American folk song, as well as the choral music of Hildegard von Bingen, Dufay and Tallis. The chapel was empty and its hard edges lent the



Jan Garbarek: The recording feels more like a concert

sound a natural reverberation that suits ECM proprietor Manfred Eicher's austere production values.

"And we were standing together in a close group, using the same microphone

to get a live sound," Garbarek says. "So the recording feels more like a concert."

Working with the Hilliards' polyphony allows Garbarek greater freedom with his trademark bent

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Working with the Hilliards' polyphony allows Garbarek greater freedom with his trademark bent

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ARTS

# Flowers amid the neglect

William Packer trawls the London galleries to survey some of the home-grown talent, and finds it blossoming

Painting is painting or so one might think: yet the disparity between the way the British view the work of their own painters with that of their contemporaries abroad remains as marked as ever. Objectively, seeing the one set of paintings against another, there can be no reason for this, yet always the British defer - after you please: no no, I insist. Not that the other work may not be significant, or even rather good at times: but it cannot be that significant, nor that good, the difference that great, at least not automatically so.

But thank you very much, they say: and the Baselitzes and Schnabels of this world go on living in their castles, just because they are Baselitzes and Schnabels, with full national support and an enthusiastic market, their work in every museum in the world. The Uglovs and Hoylands, meanwhile, the Caulfields and Buckleys, still trot off to do their stint in the teaching studio. Britain treats its sculptors more rationally and positively. It is very odd.

Stephen Buckley, professor of fine art at the University of Reading, is 55, and has maintained a consistent reputation as one of the UK's most accomplished, if idiosyncratic, abstract painters since he left the Fine Art School at Newcastle University in the late 1960s.

His particular concern has always been the celebration of the painting itself, not as the representation of an illusory pictorial space, but as a physical object. In this he is close to the Jasper Johns of the painted flags, where the image is the object. But

where Johns looked to a familiar, mundane image, such as a flag, Buckley has exploited pattern and decoration to establish and confirm the surface. And where Johns remained with the conventional canvas on a stretcher, Buckley would rather cobble his support together from whatever came to hand - panels nailed together, or bound together with strips of webbing. Long before Schnabel and his broken plates, no

**Who 'Harold' is, always saying 'Goodbye' or not, we could hardly care less**

one made more physical a surface than that.

His latest work (at Austin/Desmond) shows no recession from that essential material physicality. The supports are still irregular, solid, very much hand-made, with particular surfaces still distorted or disrupted. But, with the odd exception, they have become more compact, more continuous, the relief shallower, the disruption less extreme.

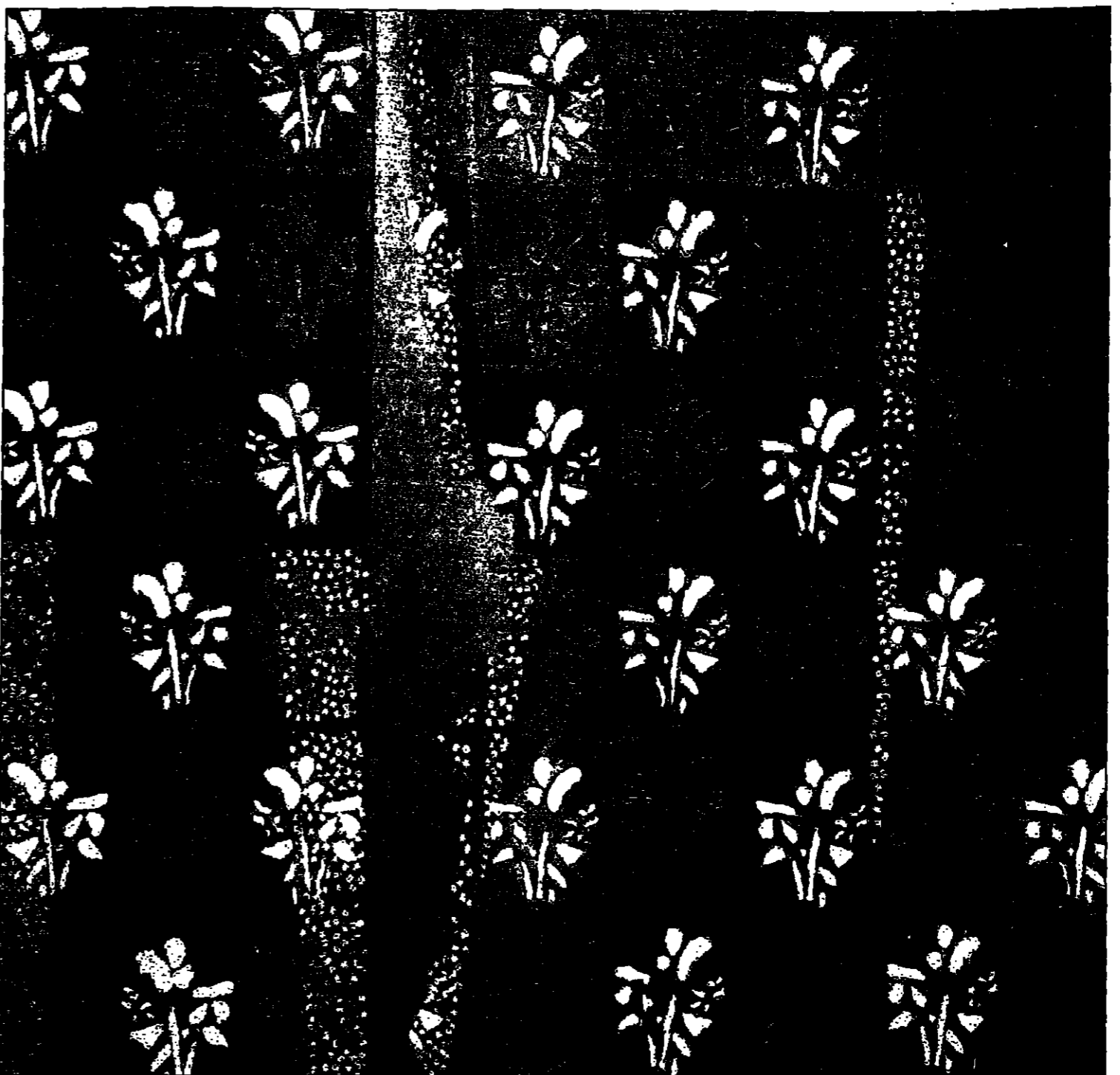
The effect of this is now to admit the possibility of pictorial suggestion, that illusion of an interior, imagined space - and it is reinforced by Buckley's repeated use, in almost all the paintings, of a stencilled or imprinted floral motif. It sits on the surface, as on a wall or fabric, yet seems at times to take the eye through the picture-plane, and into the garden.

Like the painters of the Japanese screen, that is at once a free-standing, richly decorated and articulated object, and yet a support for images of an illusory world, Buckley would have it both ways. And why not? It is a very strong and persuasive body of work.

Julian Schnabel's four new paintings (at Timothy Taylor), at over 6ft 5in, are for him quite small. They are of identical format, and roughly similar in imagery and handling, each with an ornate, pale-grey frame cast from an antique original that is as much a physical part of the statement as practical surround. Again this gives the work a strong physical presence, while the archness and obscurity of the title serves only to make it the more self-conscious. Who "Harold" is, always saying "Goodbye" or not, we could hardly care less.

Which is a pity. Schnabel, darling of the market of the 1980s, has never been my favourite painter, but divested of their frames and absurd title, these are as delicate and disciplined exercises in abstraction as anything he has done, and almost convincing. Limited to green smears and swipes, made by pressing and pulling paint-soaked rags across a light ground, and all overlaid with looser, more calligraphic and linear figures in a scarlet spray, they begin to establish a real formal interplay between the structural and the gestural, the stable and the dynamic.

If only he would take his painting as seriously as he takes himself. Georg Baselitz also (at Anthony d'Offay) frustrates us more by what the



Stephen Buckley's 'Über Alle Berge' 1997: admitting the possibility of pictorial suggestion with floral motifs

work might be, than by what it is. But he has always been the more substantial artist, with a practice and expertise rooted in the painterly and figurative expressionist tradition, in a time - the 1960s and early 1970s - when such stuff was hardly fashionable, which only makes the frustration the more acute.

Since the late 1970s, when he had the brightly controversial idea of turning canvas, and the image of the figure with it, upside-down, and leaving them as such as the final statement, his work has been perfunctory and complacently repetitive, and critical and commercial success assured.

So here again are these upended bits-and-pieces, a headless torso here, a pair of legs, an arm or head and shoulders there. And there is still to it all some slight relish in the drag of the brush and the feel of the paint, and a sense in the drawing he could do more than he does. But then the doubts set in. If not, why not? Can so ill drawn a figure, so crass an apology for hands or feet, so crude the breasts, so pitiful a statement of the figure, bespeak even a potential talent, let alone one so universally acknowledged? Perhaps, after all, he doesn't do it because he can't.

Like Buckley's, these canvases are overlaid with a unifying pattern-like motif, again a sort of bloom. But where with Buckley it is deliberated and achieved, with Baselitz there is only flick and squiggle, the mere gesture of intent. Give me the Buckley every time.

Stephen Buckley - flower paintings: Austin/Desmond Fine Art, Pied Bull Yard, 66 Great Russell Street, London WC1, until April 30. Georg Baselitz - new paintings: Anthony d'Offay Gallery, 24 Dering Street, London W1, until April 24. Julian Schnabel - "Harold's Always Saying Goodbye" - four new paintings: Timothy Taylor Gallery, 1 Bruton Place, London W1, until May 1.

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RADIO MARTIN HOYLE

## Haunted voices echo during Holy Week

Holy Week got off to a sombre start. Governor Blair of the 51st state led us further into an undeclared and undisclosed war, although reports of Balkan atrocities made this inevitable. One report predicted the inexorable erosion of the British countryside. Another noted how the gap between rich and poor in these islands has been widening in the last two decades. All was chronicled on radio with that unblinking concentration on fact unique to the medium. Never had the Chinese curse condemning you to live in interesting times been more apposite.

It must have seemed an irresistible idea: a programme on the death of the Princess of Wales, a shocked nation in mourning, weeping in the street, churches full, shops closed for a fortnight... But this was 1817, and Princess Charlotte, heir to Prince, the Regent, had died in

childbirth at 21. Radio 4's *A History of Grief in Three Funerals* has provided fascinating glimpses of British obscurities throughout history, from the nobility to con-man (notably the northerner who died in London lodgings, apparently leaving a fortune which his poor baker-landlord spent on a sumptuous funeral only to find he was a dismissed servant).

Last Sunday's concluding episode recalled that even by the 19th century childbirth was the principal cause of death for women aged between 25 and 34. They had nine months to think

about it, we were sardonically informed: hence the number of farewells written in advance to husband and family, just in case... The series has been so full of insight, so rich in social detail, that its final inequality is all the more disappointing. Charlotte was not, as constantly referred to, Princess of Wales any more than today's Prince William of Wales is prince in his own right. Charlotte's still living father bore the title. If anyone was Princess of Wales it was his estranged wife Caroline, carrying on her disgraced amours abroad. For some reason this was a parallel that the programme

failed to pursue. There was no escape in the nostalgia that radio can do so well, only the perverse comfort in finding things have always been much the same. Radio 4's *The Spanish Steps* brought back the civil war in Spain where the international contribution was mainly unofficial but more purposeful and clearly defined than today's conflicts. Poems of the time, readings, songs and of course the voices of those involved made for an unforgettable programme.

Mark Palmer's production from Cardiff gently reminded us that the romantic image of young

writers and artists on a crusade is only part of the story. There was John Cornford, the poet who died in action the day after his 21st birthday; but there was also Penny, a nurse from the east end of London, who tended "two kiddies", victims of hand-grenades they had taken for toys. One had exploded in a child's face, the other blew his friend's hands off. Penny herself sustained a direct hit in the bombing. She came round to be told "you're one of the lucky ones", testing her brisk philosophy of "you're not the only one, you know... Got to get cracking." A terrible and

wonderful programme. Another venerable and unforgettable voice: Luise Rainer, star of *The Good Earth* and Oscar winner in 1936 and 1937, was detained at Sue Lawley's pleasure in *Desert Island Discs*. She remembered the period with a *mitteleuropäisch* eye view. A fellow actor told her she had no business to watch the Reichstag burning: "You are an artist." Four months later he was beaten to death, a reminder that art provides no automatic exemption from tyranny.

She is full of memories: Hitler's screaming speech announcing the march into Poland and, the same evening, hearing Toscanini conduct Verdi's Requiem. Then Hollywood, *Mitteleuropa*-in-California: she knew Einstein, who played the fiddle. Thomas Mann ("a pencil with ears... He listened, listened"), Brecht, to whom she gave the idea for *The Caucasian Chalk Circle*. "I didn't want to work with Brecht. I didn't like him." Rainer's film career, as listed in *Who's Who*, calmly takes in a 60-year pause between 1938 and 1998 (*The Gambler*). A painter, a London resident with a patently full life, she makes the career seem as natural as a fastidiously discriminating humming-bird hovering over a choice of flowers. It was a week of haunting voices, both comforting and disturbing, that set off an echo from *King Lear*. "The oldest bath borne most; we that young/ Shall never see so much nor live so long."

TELEVISION CHRISTOPHER DUNKLEY

## Pop go the pretty video pictures

Nobody - more's the pity - expects television drama, comedy or documentaries to be visually impressive. The picture richness of cinema has not been transferred to the small screen. A few people, chiefly in drama departments, have tried to exploit the visual possibilities of television, but little has occurred since the late 1980s. Even then it was a minor effort, restricted almost entirely to studio production. True, the small size of the screen does limit the scope, and broadcasters do treat television almost exclusively as a populist medium so that even imaginative young programme makers who might be inclined to experiment tend to receive no encouragement.

Yet we know that the

medium can be used with tremendous visual flair because there is one place in which it happens all the time: the pop video. The contrast between the audacity and inventiveness of material appearing on the cable and satellite pop networks, MTV and The Box, and almost everything shown almost everywhere else is amazing.

Territorial viewers can get some idea of this by watching programmes such as *Top of the Pops*, which screen some pop videos. There are commercials which also provide a glimpse, often being directed by the same people who direct pop videos, and budgeted at levels closer to those of pop videos than to conventional programmes. Of course, not every pop

video is either a masterpiece of modern technology or an example of brilliant creative invention. Indeed, a couple of weeks monitoring MTV and The Box suggests the boundaries are being pushed less often and less vigorously now than, say, five years ago.

Use of black and white (well, monochrome), which was trendy and different, is now so widespread that it has become a cliché. And in what looks like a reaction against the high-cost, high-tech approach, more hands seem to be settling for a video which simply shows them performing the number: no trips to Alpha Centauri, morphing or parodies of Eisenstein. Blur can be seen - in monochrome - delivering their dirge "Tender" in one of these back-to-basics videos.

However, you don't have to wait long for visual inventiveness. The irony today is that the pictures often seem more interesting than the sound. Rap - the ultimate in dumbing down - reducing music to a chant - has had a deadly effect throughout pop music, spreading the belief that rhythm is all and melody and harmony can be abandoned.

A number called "Girlfriend/Boyfriend" by Backstreet Beat is packed with complex visuals based upon a pinball machine, but the

vocal scarcely varies from a mind-numbing chanted monotone. It may be just the job if you are out of your mind on Ecstasy, but for ordinary people listening in a normal way it is appalling. You could not make any claims to great music for Cher's latest, "Strong Enough", which, like her other recent numbers, contains one endlessly repeated riff. At least that can be whistled. But the most notable part of the package is the visual element which puts Cher on a television within your television, or projects her face on to cityscapes, and then intercuts several distinct sequences.

These can hardly be described as narratives, but nor are they incomprehensible: a young man watches Cher with more interest than his girl friend seems to appreciate, female violinists (mandatory in 1999 pop videos) accompany the vocals, people in black leather gear - a possible hint at sadomasochism, which is still in fashion - fight on the carpet, and so on.

Fascinated by the speed and expertise with which the whole lot is cut together, I put a stopwatch on this and counted the edits: 139 in three minutes 40 seconds, giving an average duration of 1 1/2 seconds a shot. There is no particular virtue in

these statistics, but "Strong Enough" is far more engrossing and entertaining than those pretentious "video installations" which turn up so often in art galleries.

The same goes for "As", George Michael's latest. It takes a while to realise what is happening when you first see this video. Michael walks into a club, singing, and moves among a large number of people, being joined by Mary J. Blige, who sings with him.

Eventually you realise that everybody in this crowded space is either George Michael or Mary J. Blige: there are scores, possibly hundreds, of each of them, all dancing and singing quite independently.

We have all seen split-screen trickery, in which an actor appears as his own twin, or even as three or four different people simultaneously. But the "As" video takes this to an extreme that has surely never been attempted before. My guess is that even with modern technology it must have required an enormous amount of painstaking work. There is nothing profound about the result, but it is very striking and remains visually fascinating.

That makes a refreshing change in a medium which so often seems intent upon ignoring its own visual potential.



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# Asian art emphasis shifts from China

Susan Moore reports from New York on a calmer Asian Week, with works from India and Tibet stealing the limelight – and the price tags

The best art and antique fairs subtly re-invent themselves. And the relatively new International Asian Art Fair in New York – the centrepiece of an extended Asia Week in the New York salerooms and galleries – is no exception.

When the massive doors of the Seventh Regiment Armory on Park Avenue first opened for the event only four years ago, the fair proved to be that rare antiques fair phenomenon – an overnight success.

The timing could not have been better. China-mania was about to peak in New York, fed on events as diverse as blockbuster museum shows – Imperial porcelain from Taipei and When Silk was Gold at the Met; China: 5,000 Years at the Guggenheim – and the finest collection of classical Chinese furniture ever seen at auction, at Christie's, even the razzamatazz opening of the Shanghai Tang store.

Moreover, outstanding quality works of art, most particularly Chinese antiquities, monumental sculpture and Ming and Qing furniture, were in unprecedented supply on the western market. Walking into the fair was like walking into a museum – an experience that fairs of European art and antiques have not offered for decades.

The right crowd came, and loved it. There is nothing like million-dollar price tags to encourage the interested to open their cheque-books.

Since that inaugural show, New York's Asia Week has continued to draw private and institutional collectors from far and wide, and to encourage New York and London dealers to stage no less outstanding shows in nearby galleries. This year's crop is better than ever. Gallery, saleroom and fair (the International plus the Arts of Pacific Asia Show at the 26th Street Armory), combine to produce an unparalleled showcase of Asian art. You could find material estimated at \$200m on Park Avenue alone.

This year, however, Asia Week was a markedly calmer affair, the result, perhaps, of less alluring auction material and the Easter and Passover holiday season.

Even more striking, however, was the shift of emphasis away from China and towards the arts of India and south-east Asia. There were wonderful archaic Chinese bronzes, most notably the massive Shang period cast bronze bell of 1400-1000 BC which was the star



A pair of painted pottery officials from the Tang dynasty on show at the Seventh Regiment Armory, Park Avenue

attraction at leading London dealers Eskenazi (showing this year at PaceWildenstein, 32 East 57th Street, until April 3) and at the stand of Brussels dealer Gisele Croes, but far fewer than before.

Again, there was high-quality Tang tomb pottery, particularly at Eskenazi. Art of Chen from Taiwan, Berwald of London, and Kaikodo (164 East 64th Street, until April 17), but much less of it. The same could be said of classical Chinese furniture and monumental sculpture. Moreover, the best pieces were not all fresh to the market.

This relative dearth is explained in part by the fact that Hong Kong

is no longer the cornucopia it was. Far less Chinese material is available for export, officially or unofficially. Another change is the alarmingly high quality of fakes in all materials now emanating from China. Some are impossible to detect through scientific testing, and the dealers are wary.

To add to the equation are the delicate and highly topical issues of provenance and restitution. Dealers are perhaps increasingly reluctant to offer important pieces in such a public arena. For what price? million-dollar objects were a rare sight this year.

If anything, Tibetan and Indian art stole this year's limelight. Soth-

by's top lot of the week was a late-15th century Sino-Tibetan imperial gilt-bronze figure of Yamantaka, which sold for a record \$745,000. Similarly, one of the major sculpture sales of the fair was a 13th century portrait of a Tibetan Buddhist hierarch, modelled in wood and clay, at John Eskenazi.

Another company of London-based Italian dealers, Rossi & Rossi, staged the first exhibition devoted to the ritual art of Tibet, in conjunction with Sotheby's, and found themselves with the most talked-about show in New York (41 East 57th Street, until April 3). By the opening weekend, more than

half the show had sold for some \$1.5m, with many pieces going to new clients.

It was a week which offered other firsts. London dealer and new exhibitor Sam Fogg, for instance, brought Asian manuscripts to the fair, including such rarities as a 12th century palm leaf manuscript and one of the oldest Indian Korans – and the widest range of Indian painting on offer in the city for decades (selling at least 20 paintings and a handful of manuscripts, all to Americans of Indian origin).

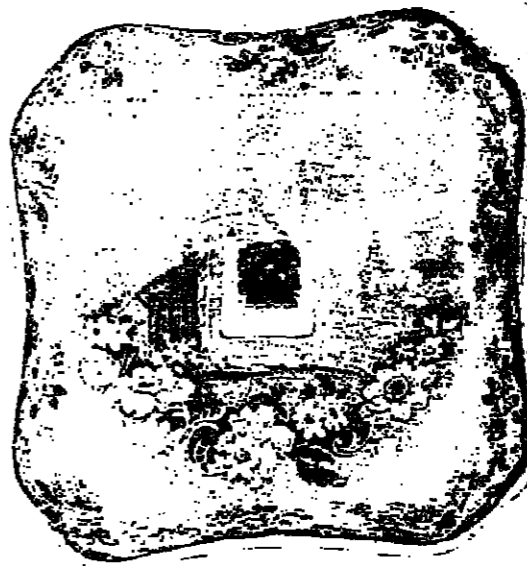
Many were also provided with a first sighting of the remarkable Bronze Age cast ritual bronzes of Dong Son, a village in north Vietnam which has given its name to an as yet barely studied material culture. A huge ceremonial drum dominated the stand of London-based dealer Alexander Goetz, the second largest known example of its type and offered at \$650,000. More Bronze and Iron Age pieces are to be found in an intriguing and wide-ranging show at dealers Frederick Schuitz (41 East 57th Street, until May 1).

Asia Week, it seemed, had it all. Plum Blossoms for instance, boasted the largest known group of cloth-of-gold Mongol tent hangings, its continuous architectural frieze woven to articulate the interior space of one of these shimmering peripatetic palaces.

Portuguese dealer Jorge Welsh offered pieces from one of the grandest of all Chinese export services; Lea Snieder offered a 3rd-14th century Korean earthenware plate jar, happily still with its lid. Tai Gallery/Textile Arts presented modern and contemporary Japanese bamboo baskets; still more are on show at the Asia Society, 725 Park Avenue, until May 30.

The Japan Society, meanwhile, offers us the chance to see some of the exceptional east Asian works of art already in New York collections (533 East 47th Street, until July 11), and it seems from the sales that the US love affair with, and responsiveness to, the art of Asia is still far from over.

What may surprise many is the number of important pieces that went to European museums and private collectors, not least Eskenazi's Shang bell and Rossi & Rossi's cover piece, a pair of rare 18th century Tibetan gilt-copper deer, snapped up by a new museum of Asian art – in Nice.



A Minton Geneva sweetmeat stand

## It's all in blue and white

The charm of Staffordshire pottery lies in its variety of patterns, reveals Julian Critchley

Ceramics are among the most collectible of items. They range from Japanese Ko Kutani to Chinese Armorial export porcelain to the products of early English and continental makers.

Other than perhaps Decorators' Imari, good-quality Japanese porcelain is expensive. An 18th century Armorial Chinese plate would cost a few thousand pounds while early Meissen, Derby, Bow and Early Worcester can command a king's ransom.

We are left with the very collectible Staffordshire blue and white transfer-printed earthenware, produced in millions throughout the 19th century. Much of it now sells for a lot less than £1,000, the cost of an unusual plate in good condition being in the low hundreds.

We have been collecting blue and white for the past 10 years. The bulk of our collection is displayed on a large Shropshire dresser in the dining room, and we use a selection from it whenever we have a lunch or dinner party.

We have about 200 pieces, including dinner plates, side plates, mugs, jugs, and meat platters together with sauceboats and tureens.

Makers of blue and white were legion, but a handful of leading names can be the exclusive choice of many collectors. The top five, in no particular order of preference, would include: Copeland-Spode, Rogers, Enoch Wood, Wedgwood and John Meir & Sons. Their pieces are usually marked.

The blue can either be Cambridge or a very dark Oxford (the favourite colour of the American market), but the majority are a rich mid-blue. Blue and white fills two large volumes, published by the Antique Collectors Club, and compiled by A. W. Coysh and R. K. Hearnwood.

No collector should be without both volumes, not only for reference, but because new designs by unknown potters keep coming to light. Before the copyright laws of 1843, there was nothing to stop one potter pinching the designs of another.

The charm of blue and white lies in the immense variety of patterns that can be collected as well as the quality of the product. After the end of the Napoleonic Wars, trade boomed, and at the same time an assortment of well-known artists, including W. H. Bartlett, Thomas Bewick, Thomas and William Daniell, painters and illustrators were hard at work.

In the early 19th century the majority of people had probably not travelled beyond a 20-mile radius of their homes. The world was full of wondrous places, and the demand for attractive and relatively cheap plates with pictures of Ludlow Castle, Windsor, the Tivoli in Rome, or sporting prints that showed life in the Indian sub-continent, was huge.

The US market was just as buoyant. The Court House in Boston was a common pattern, while Americans celebrated Britain's defeat in 1812 with a series of plates showing American warships getting the better of the Royal Navy. However unpatriotic such plates must have appeared to the Staffordshire potters, profit was more important.

Pottery was cheaper than both creamware (Wedgwood), and British soft paste porcelains such as Caughley and Coalport. By the time Queen Victoria had ascended the throne, lunch

and dinner among the aspiring middle classes consisted of ovardone roast beef, a bottle of Madeira and a geography lesson. Enoch Wood & Sons had brought out an Italian Sponery series, C. J. Masons a Napoleon series by which the defeat of the Tyrant could be instantly recalled.

Copeland and Garrett sold a Byron Views series, one of which was the island of Rhodes, a pattern suited to the more artistic purchaser, while animal-lovers were catered for by John Hall's Quadruped Series.

The Indian Sporting Series by Spode is one of the most desirable and expensive of all. The transfers are based on coloured engravings by Samuel Howitt taken from Capt. Williams's *Oriental Field Sports, Wild Sports of the East*, published in 1807. They include such handsome plates as Death of the Bear, Battle between a Buffalo and a Tiger and The Hog at Bay. There can scarcely have been a great house or a castle that was not featured in blue and white. There is a

Makers were legion, but a handful of leading names can be the exclusive choice of many collectors

classical pattern owing much to ancient Greece, and others where design takes the place of houses or castles. One of the most successful is Spode Italian, still in production.

One can only have so many plates and platters. Cheese stands are very desirable, especially the drum-shaped ones made for a cut of Stilton.

Candlesticks, both for bedroom and dining-room, reticulated baskets, cups and saucers, tea and coffee pots are much in demand. So, too, are footbaths. Among the more attractive are blue and white salt and pepper pots.

But, by 1890, fashion changed, and the middle classes abandoned blue and white for discreetly patterned bone china. The blue and white was sold (or given away as wedding presents to servants). The 1890s was the decade of imported Japanese Imari, lurid plates and hideously overdecorated vases.

A century later, blue and white transfer-printed pottery has once again come into its own. It is to be found at every antique fair, and such businesses as *Lovers of the Blue* circulate catalogues of 19th century ware so that collectors can buy a missing Rogers plate, or a picture of a prehistoric tomb in the wilds of Anatolia.

Plates with sailing ships are in great demand, as are British castles and manor houses including the one belonging to the Ladies of Llangollen, the early Victorian lesbians, seen on horseback. Some platters were printed in green, but they were never really popular.

Blue and white is to be found in 100 antique fairs. There are shops in Portobello Road in west London that sell nothing else, while *Lovers of Blue and White* (01783 853 800) is a Hertfordshire mail-order company which carries a splendid selection.

But remember the golden rule: collect for pleasure and not for investment. In that way you will never be disappointed.

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part 3

# The Road To Recovery

It will be many years before Malaysia can post annual growth rates of 8 per cent again. Yet just 18 months after the worst recession to hit the country since World War II began, the economy has shifted gear and although the fast lane is out of reach for the time being, Malaysia's clearly off the hard shoulder.

**E**ighteen months after the Asian financial crisis began and after hitting its lowest point in the July to September period last year when it contracted by 8.6 per cent year-on-year, the Malaysian economy is showing firm signs of recovery.

Malaysia's Finance Minister Daim Zainuddin said recently that: "The general opinion is that we should see a turnaround this year and growth rate will move into positive momentum once again. But before that we have a lot to do. For one, we have to get consumers to spend. If they refrain from spending, there is a risk of corporate closures and retrenchment."

The National Economic Action Council, charged with reviving the economy, is predicting that the econo-

my should gather strength in the second half.

Dr Victor Wee, deputy head of the NEAC Secretariat said: "We expect that the economy will pick up this year, and register a stronger growth for the second half of 1999. The monetary and fiscal policies adopted under the National Economic Recovery Plan would have taken effect in the economy. Meanwhile, the banking problems would be largely addressed by the middle of 1999. By the end of 1999, we would expect things to look positive for Malaysia."

Surprisingly - given Malaysia's much criticised own remedies for handling the financial crisis - several international analysts are forecasting an even stronger economic comeback.

Growth rates at 2 percent to 3.5 percent have been suggested.

Singapore securities firm GK Goh on the outlook for the Malaysian economy writes: "Reflationary policies could stop the economic contraction by second-quarter 1999, with low inflation allowing for more aggressive monetary expansion, while demand growth is too weak to create a trade deficit." International investment bank Goldman Sachs has forecast a 2 per cent rise in gross domestic product in

1999 and says a "sensibly designed financial sector restructuring and diminishing political tensions favoured Malaysian shares."

Evidence that the economy has not only bottomed out but is picking up isn't hard to find. Exports, a pillar of the government's recovery policies, are faring well. In October, exports turned around to record positive growth in US dollar terms after posting declines in the preceding months. In the January to November 1998 period, exports of manufactured goods - chiefly electronics products - climbed by 21 per cent to RM211 billion. The jump enabled the country to enjoy a trade surplus of RM51 billion, a sharp turnaround from the previous year's deficit of RM45 million.

Other indicators also show that the worst is over. Led by better demand for industrial chemicals and semiconductors, industrial output rose by 6 per cent month-on-month in December, though it was down by 9 per cent year-on-year. Consumer spending has picked up with sales of passenger cars climbing by 15 per cent month-on-month in November. Although sales were down 40 per cent year-on-year, the figures were a marked improvement over the more than 60 per cent contraction seen in previous months.

Thanks to higher liquidity in the banking sector, falling interest rates and

increased public spending on construction and engineering, consumer confidence has improved, paving the way for a gradual recovery in domestic demand. Bank liquidity has expanded substantially with the unlocking of RM44 billion of

other stimulate economic activity and spur demand for vehicles and residential property by lowering the cost of borrowing. A huge trade surplus of RM27 billion is likely this year in spite of global over-capacity in certain indus-

try. The borrowings, including US\$5 billion from Japan and US\$2.7 billion from the World Bank, are to help finance corporate restructuring as well as the building of such strategic infrastructure projects as highways, ports, waterworks and sewers under the government's reflationary policy. Funds would also be used to develop agriculture, housing, healthcare and education.

Investment fell markedly last year but appears to be bottoming out. Last year, approved capital investment from domestic and foreign companies in manufacturing - a main engine of growth - increased by 2.3 per cent to RM25 billion, largely on account of two large chemical plant projects. Many of these projects would be implemented this year. Usually, three quarters of approved projects are implemented 6 to 9 months after approval is obtained.

Rather than severely contracting in the wake of the Asian crisis, foreign direct investment in the sector has persisted, with approved capital investment climbing by 14 per cent in ringgit terms last year, partly as a result of relaxation of rules permitting 100 per cent ownership without meeting export conditions.

All new manufacturing projects approved between July 1998 and December 31 2000, including industrial diversification and expansion are exempted from export and equity conditions. As a result of the Asian crisis, Malaysia has become an even more attractive proposition for multinationals. "Foreigners now find Malaysia a cheaper investment location due to lower local costs from a depreciated ringgit. We continue to offer the best infrastructure in the region and a pro-business Government policy environment," says Daim. (see story left.)

In the banking sector, the credit crunch is over following accelerated moves by the government to recapitalise the banking sector and acquire non-performing loans: increasing banks' ability to lend and generate revenue and allowing business greater access to working capital. Last year, lending grew by just 0.5 per cent but banks are aiming for a growth rate of 8 per cent this year.

Danarod, the bank recapitalisation agency, has injected more than RM4 billion into 11 banking groups. Danarod, the loan-recovery agency, has to date acquired RM22 billion in non-performing loans, the level of which should fall to 10 per cent of total loans this year from an estimated 15 per cent last year.

After a slow start, bank restructuring has gathered pace. Bank of Commerce and Bank Bumiputra Malaysia, two of Malaysia's largest banks, have merged, as well as have smaller finance companies. The pace of banking sector reform has been impressive, says Goldman Sachs.

Rising domestic liquidity, falling interest rates and increased business activity auger well for the stock market, as does the lifting of a one-year moratorium on the repatriation of funds from share sales imposed in September last year as part of capital controls to limit the flows of speculative funds. After February 15, outflows are subject to an exit tax. The stock market has doubled in value since falling to a 10-year low last year.

According to ABN Amro, an international financial services group, funds will be attracted back following the easing of capital controls. Fund inflows should strengthen when Malaysia is readmitted to the Morgan Stanley Capital International indices and other internationally followed benchmark indices, which, says Merrill Lynch, an international stock brokerage, is only a matter of time. Malaysia was removed from the indices following the imposition of capital controls in September last year.

Stephen Taran, managing director of Salomon Smith Barney, the government's financial advisor, says that not only is Malaysia's recovery right on track but that its long-term plan to be a fully developed nation by the year 2020 is achievable. Commending the

government's handling of the crisis and the policies put in place, he says that Malaysia has valuable assets such as its human resources and sophisticated infrastructure built up over the last 20 years to speed recovery. More than any single economic indicator or sector, the people of Malaysia hold the key to recovery. Malaysia's Prime Minister Dr Mahathir Mohamed wrote recently that: "I believe if we are to rapidly recover and restore sustained and dynamic growth, fierce competitiveness and economic resilience, there is a need for a total national effort. The entire nation must be united. More, the entire nation must be fully mobilised, working as one organic whole, united behind a single purpose. This is where the societies of east Asia have a comparative advantage."

**This advertorial was created by the Malaysia Tourism Promotion Board.**

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Investment in education remains a priority for Malaysia

my could expand by 2 per cent in 1999, after contracting by an estimated 6 per cent last year. (The official forecast for 1999 is 1 per cent.) Growth may be weak in the first half,

expansion, while demand growth is too weak to create a trade deficit." International investment bank Goldman Sachs has forecast a 2 per cent rise in gross domestic product in



Restructured and reformed, banks are leading agents and (top right) forestry and agriculture will also benefit from increased public expenditure

funds that banks are no longer required to keep with the central bank, in addition to good export earnings.

Over the past few months, lending for personal use and for consumer goods has steadily increased and the jobless rate has stabilised at around 3 per cent as retrenchments fall. Low inflation and continued trade surpluses, along with inflows of foreign direct investments and official long-term borrowings, will lead to further falls in interest rates this year. This would fur-

tries and a slowing world economy. The borrowings, including US\$5 billion from Japan and US\$2.7 billion from the World Bank, are to help finance corporate restructuring as well as the building of such strategic infrastructure projects as highways, ports, waterworks and sewers under the government's reflationary policy. Funds would also be used to develop agriculture, housing, healthcare and education.

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Danarod, the bank recapitalisation

## Malaysia Means Business

Multinationals have long found that Malaysia provides a good return on investment, and now with changes to equity and export conditions, and cheaper local costs, setting up shop is even more tempting.

Faced with a fall in demand, increased competition and currency devaluation that drove up the cost of imports following the onset of the Asian financial crisis, many foreign direct investors might have been expected to cut back on investments and relocate facilities. They did not. With rare exception, they have stayed put and plan to expand, upgrade and diversify their operations in Malaysia.

Take, for example, Samsung. The South Korean electronics group is investing US\$34 million in its Malaysian operations this year (more than double the amount last year) to produce higher value-added products such as colour display tubes and more components locally. Another US\$60 million plus will be invested over the next four years. The company has already invested US\$1 billion in four manufacturing plants, making it the largest South Korean investor in Malaysia.

"Last year was a tough year for us (but) Samsung is confident of Malaysia's recovery and remains committed to the country. Malaysia continues to be the largest overseas investment for Samsung in south east Asia," says Samsung Malaysia's managing director Kim Jong Kim. The local economy, he says, ought to be able to expand by 2 per cent this year, after contracting by an estimated 6 per cent last year. The NEAC is charged with reviving the economy.

The attractions of Malaysia include political stability, sound infrastructure, favourable investment incentives, availability of skilled manpower and an investor-friendly government. "Our Malaysian operations are among the best overseas business operations for Samsung Group worldwide. This can be attributed to the favourable investment conditions Malaysia offers," says Mr Kim. Samsung, he adds, has not experienced any labour disputes since it set up operations in Malaysia in 1991 and that power utilities have made special efforts to ensure stable electricity supply for its plants.

The company, which stayed profitable last year through cost cutting and increasing productivity, aims to make its Malaysian subsidiary the group's best manufacturer of picture tubes and microwave ovens. The local operations also make television and computer monitor glass panels and funnels, printed circuit boards and electron guns. Sales turnover of RM3.9 billion last year is expected to expand by 12

per cent this year due to the introduction of higher value products and more components being produced locally. Its microwave ovens now have almost 90 per cent local content.

Western multinationals like Compaq Computer and Blue Circle Industries, also find that Malaysia continues to have much to offer. Compaq, the US computer company, is investing more in Malaysia and sees strong potential for growth in the information technology sector, particularly in healthcare.

For Malaysian companies like Sime Darby, the overall business environment is improving and it plans to expand its plantations and insurance business. It is also considering breaking into new sectors. "The outlook is of greater business confidence arising from the measures taken by the government. There is liquidity and rates have come down in the market place," says Nik Mohamed, chief executive. "With our strong balance sheet and net cash position, and with asset prices as low as they are, there may be some opportunities for growth through acquisitions."

Under the National Economic Recovery Plan, the government is reviving the economy through such measures as keeping interest rates down, recapitalising the banks and, through a RM12 billion stimulus package, building strategic infrastructure such as highways, ports and waterworks and developing agriculture, housing, education and industries.

Malaysia's biggest multinational, Sime Darby is returning to black after having to swallow losses stemming from problems at its banking arm, which it sold last year, as a result of the Asian crisis. It expects to make about RM900 million in pre-tax profits in the current fiscal year ending June. The company has been streamlining its operations by, for example, merging its two tire making divisions. There are also plans to coordinate projects or form joint ventures with other Malaysian plantation companies such as Kumpulan Guthrie and Golden Hope.

"The general idea of rationalisation and coming together is to be competitive in certain products and services. Once combined we would be a huge player in plantations and with Kumpulan Guthrie, an even larger property developer," says Nik Mohamed.

The gloomy outlook won't last forever. And that



Under new legislation, 100 per cent equity can now be held by multinationals investing in many business sectors



New infrastructure projects like the North-South Highway are planned to keep Malaysia on the move

government's handling of the crisis and the policies put in place, he says that Malaysia has valuable assets such as its human resources and sophisticated infrastructure built up over the last 20 years to speed recovery.

More than any single economic indicator or sector, the people of Malaysia hold the key to recovery. Malaysia's Prime Minister Dr Mahathir Mohamed wrote recently that: "I believe if we are to rapidly recover and restore sustained and dynamic growth, fierce competitiveness and economic resilience, there is a need for a total national effort. The entire nation must be united. More, the entire nation must be fully mobilised, working as one organic whole, united behind a single purpose. This is where the societies of east Asia have a comparative advantage."

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OFF-CENTRE

# Final roll of the dice for the Khmers

Pol Pot's ageing disciples could yet escape retribution for mass murder, reports Ted Bardacke

The four rag-tag soldiers - six legs, seven eyes, eight arms, two grenades, one automatic rifle - call me to a halt. No, I cannot go any further down the path, the only clear passageway through the land-mines that guard the final resting home of the Khmer Rouge.

The Khmer Rouge, this generation's most grisly personification of genocidal mass murderers, killers of at least as many people as the Serbs, the Hutus, Chairman Mao, Generals Suharto and Pinochet, is dead.

Crippled militarily by a series of defections since 1996 and weakened internally by the last desperate bloody death sentences issued by its late leader Pol Pot, the Khmer Rouge officially expired as a fighting force when its military chief, Ta Mok, was arrested last month.

But the Butcher, as the one-legged Ta Mok is known, is the only senior Khmer Rouge leader to have been imprisoned. And while a debate rages over the right way to punish (if at all) the ageing leadership for exterminating as many as 2m Cambodians, they and their deadly legacy live on. The town of Pailin, where I have been stopped, is their base - their last resort.

Pailin must feel like purgatory to the Khmer Rouge leaders who now call it home, notably former prime minister Khieu Samphan, chief ideologue Nuon Chea and former foreign minister Ieng Sary. For the surviving nucleus of a regime that at its frenzied roll-back-the-clock apex claimed to have replaced Albania as the "No 1 communist state" now presides over a sleazy capitalist fiefdom.

From a mine-protected hillside villa next to the Thai border, the Khmer Rouge leaders look down on a stretch of casinos that play host to several hundred Thai gamblers every day. This is no Monte Carlo; the card tables rest on a concrete floor out in the open air. Electric fans maintain a breeze, while the punters sit on plastic chairs and the dealers have metal stools. The food is barely edible.

Next to the casinos are thousands of illegally felled trees. Lumber exports were the Khmer Rouge's main source of funds. Now these logs, rotting in the tropical sun and storms, are banned for importation by Thailand, which once supported the Khmer Rouge but is increasingly worried about its national image.

Needless destruction of the forest in pursuit of money has out-lived the needless destruction of one-fifth of the Cambodian population in pursuit of abolishing money.

Just over the hill, next to a market serving Pailin's population of about 36,000, is a brazen row of brothels, increasingly populated by the same Vietnamese girls who two decades ago would have been massacred on the spot because of the intense anti-Vietnamese nationalism of the Khmer Rouge.

Now they are considered assets by the "mamasans" and the pimps, who disregard the old Khmer Rouge mantra for murdering people: "Spare them, no profit. Remove them, no loss."

Further on are gem mines, at times yielding rubies and sap-

phires, mostly yielding misery. Hundreds of ex-Khmer Rouge cadres, some still in their distinctive olive green Mao-style caps, wade through waste-deep mud that resembles the shallow graves of the killing fields, or climb down narrow holes in the earth to search for little nuggets of any worth. Scrawny children scramble after clods of dirt that fall away from a truck transporting earth to a muddy pond for cleaning.

Is this punishment enough for the radical communist utopians of the Khmer Rouge leadership? Probably not. Most Cambodians, nearly 80 per cent, according to a couple of recent polls, want senior Khmer Rouge leaders to be judged for their actions.

A panel of United Nations experts and UN secretary-general Kofi Annan has recommended that an international tribunal be set up to prosecute the rump of the Khmer Rouge leaders for genocide.

Yet the struggle to establish a Khmer Rouge tribunal is less about accountability - precious little of that exists in Cambodia today - and more about accounting for the past. Psychologically, notes David Chandler, a leading historian of Cambodia, the lives of many Cambodians are still ruled by the Khmer Rouge regime, by "the culture of fear, mendacity and distrust... and the contempt of those in power for the rule of law" that flourished under them.

To break this cycle, to allow Cambodia to move forward, the Khmer Rouge story needs to be told, explained, understood and made history, says top Khmer Rouge hunter, Youk Chhang, director of the Documentation Centre of Cambodia, which houses a horrific archive of the Khmer Rouge's own meticulous records of executions and torture-induced "confessions", a database of Khmer Rouge leaders and cadres, and an interactive computer map of the killing fields.

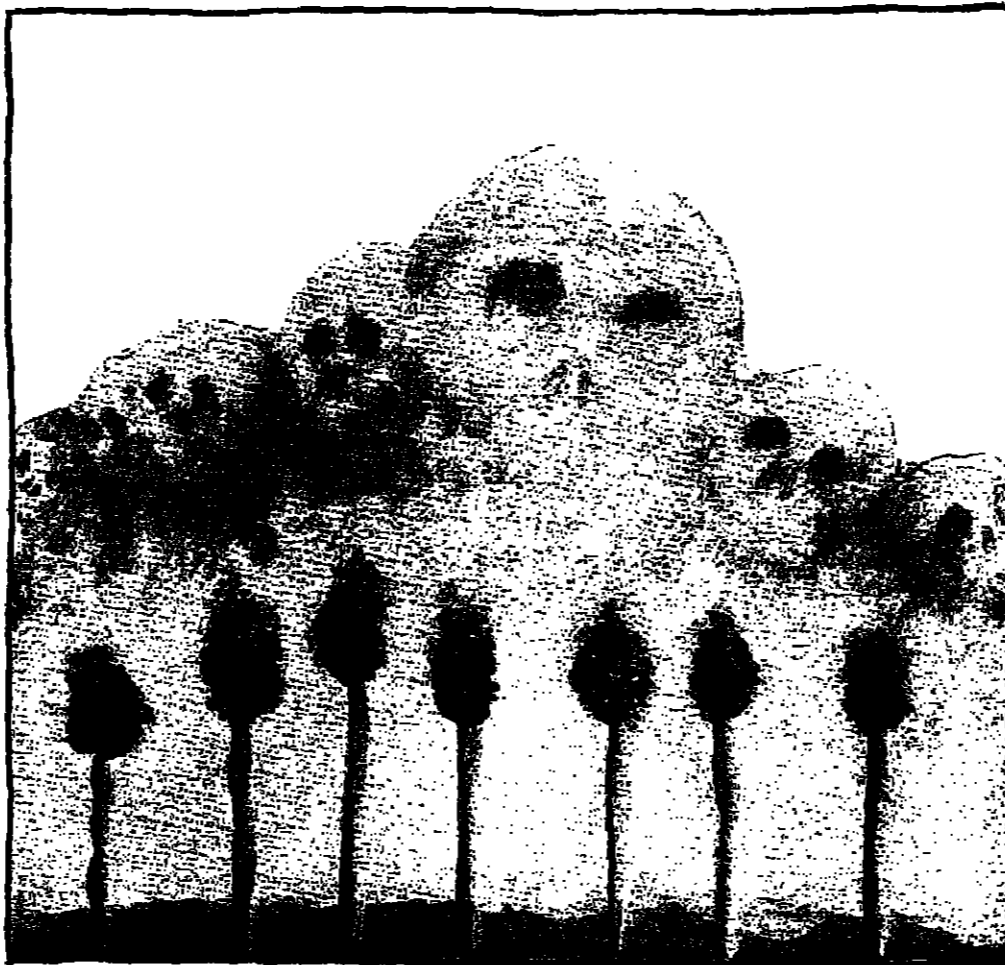
"Because that period is not yet history we're in this horrible position of living with our past. When you live with that every day you can't move forward. Our psyche has been damaged by liv-

**The surviving nucleus of a regime that once claimed to have replaced Albania as the 'No 1 communist state' now presides over a sleazy capitalist fiefdom**

ing in the past," says Youk Chhang.

"If you don't punish people by documenting what they did, it [genocide] risks becoming a fairy-tale, something easy to manipulate. The story could forever be changed to suit political circumstances. That means it could happen again," he warns.

Cambodian prime minister Hun Sen disagrees. A former Khmer Rouge soldier who has spent the past 20 years trying to destroy the movement politically and militarily, Hun Sen worries that an attempt to arrest the Khmer Rouge leaders could plunge the country into civil war again and bring with it a reconstituted Khmer Rouge based in Pailin. His solution, enunciated at a grand welcome for Khieu



Samphan and Nuon Chea in Phnom Penh earlier this year, is to "dig a hole and bury the past". The Khmer Rouge was happy to pick up this theme. Khieu Samphan repeated over and over again that Cambodians should "let bygones be bygones". Nuon Chea cynically remarked that he was sorry - for the animals in the forest that had suffered during the war.

"Under the mantle of 'reconciliation' the only apologies that vic-

ment in the 1990s by China, the US and Thailand.

Yet whatever the scope of any trial, Hun Sen admitted in a 1997 letter to Kofi Annan that "Cambodia does not have the resources or expertise to conduct a procedure of this significance".

Now, Hun Sen is out to prove his point. Later this year Ta Mok - directly linked to the deaths of exactly 260,000 people, according to Youk Chhang - will go on trial. With the record of Cambodian prosecutors and judges the trial is likely to be pure show.

Negotiations between Hun Sen and the UN are continuing to try to ensure that this trial will be "international in character" to use Kofi Annan's phraseology. If the UN elects to meet Hun Sen halfway and lend some legitimacy through technical assistance and funding, the Ta Mok trial will be full of problems but will be good enough to relieve Hun Sen of the need to impart any more justice.

It will be like last year's foreign-funded, internationally observed and Hun Sen-dominated elections which, after a bloody crackdown on demonstrators, legitimised his coup.

What worries many Cambodians is that the unrepentant and previously divided Khmer Rouge elements are being allowed to regroup in Pailin and will start to fight again if their interests, either ideological or financial, are threatened.

But Pailin is not nearly the "autonomous zone" that Hun Sen's critics make it out to be. Its

people are engaged in a slow but steady process of reintegration into Cambodian society. Neither is there much will or ability to take up arms again.

Sleaze in Pailin is only one sign that it is becoming more like the rest of Cambodia. Radio Pailin broadcasts government news bulletins and didactic readings of the constitution. Although the town pays no taxes to the central government, its duty-free status has been revoked after too many cars stolen in Thailand ended up in Phnom Penh via Pailin.

The military police are a mixture of former Khmers Rouge and Hun Sen loyalists from Phnom Penh, while ordinary soldiers must now leave their guns at the army base. The Burmese-style temple is populated with monks again and the UN Human Rights Commission has a field office in the centre of town.

The desire to take up the struggle certainly feels distant and the move towards reintegration seems real when I sit down with four ex-Khmer Rouge soldiers - seven legs, seven arms, eight eyes, no weapons and a combined 86 years of fighting - for a game of cards.

"We don't want to fight, we pray not to fight," says Mea Sopheap. "But we are under the control of the leaders here. We are worried that they might order us to fight."

"The trial is just a top leader problem. We don't really care," Mea Sopheap says. "As long as there is no fighting, whatever they want is OK."

# Tate puts City in the frame

London's newest museum of modern art is selling itself to business. Antony Thorncroft reports

In the past month, more than 100 movers and shakers in the City of London have been drawn across the Thames to be entertained on the building site at Bankside which is rapidly becoming the Tate Gallery of Modern Art.

The £134m project is on time and within budget to open in mid-May 2000. But another £14m still needs to be raised, and the pressure has now switched to business.

Andreas Nixon, head of corporate fund-raising at the Tate, deploys a subtle approach to the City's chairmen and chief executives. Rather than coming out immediately with the begging bowl, the presentations concentrate on the benefits - commercial, cultural, and environmental - they will enjoy from the arrival of the Tate on Bankside.

The City will be a better place in every way because, at last, London has a museum of 20th century art of global stature.

Research by consultants McKinsey estimates the Tate Gallery of Modern Art will add £100m a year to London's gross domestic product. Regenerating this lacklustre part of the capital south of the Thames will create hundreds, if not thousands, of new jobs.

An accessible world class museum will make the City more attractive to foreign investors and key employees. A new pedestrian Millennium Bridge, linking the Tate directly to St Paul's cathedral, is set to open next April and will make the museum very much the City's own.

If her appeal to good citizenship and finer feelings fails, Nixon will point out the commercial opportunities for companies cuddling up to the Tate. A combination of tremendous vistas, artistic masterpieces and sophisticated ambience will make it one of the great venues in London for corporate hospitality. Companies know that business is gained, and retained, through contacts made increasingly at artistic events.

The Tate is seeking 24 companies to become its Founding Corporate Partners. They alone, along with major sponsors of its exhibitions, will be allowed into the Tate's galleries for evening or breakfast entertaining. Their employees will also gain privileged access.

The price of joining the club is not cheap - £250,000 for five years - but compared with other top-of-the-range arts institutions, such as Covent Garden and Glyndebourne, it could be a bargain. Ten companies, including Pearson (owner of the FT), Freshfields, Railtrack and CGU, have already joined. Nixon is confident that her exclusive club will soon be full and the Tate £6.5m nearer its fund-raising target.

For company chairmen who can't stand Pollock and Braque, the Corporate Partners also retain membership of the old Tate on Millbank, which is being converted into the Tate Gallery of British Art, with its reassuring collection of Turners and Pre-Raphaelites.

The City is being targeted on the premise that "new" Bankside is its southern limb. Certainly no part of London is enjoying such sustained regeneration as this Thameside stretch of Southwark.

Shakespeare's Globe is up and running and exceeding all forecasts for attendances; Vinopolis, London's first wine museum, covering two acres near Southwark Cathedral, is set to open this summer; work has

started on London's "parliament" building near Tower Bridge. The Tate is playing a key role in this transformation of what had been a neglected area.

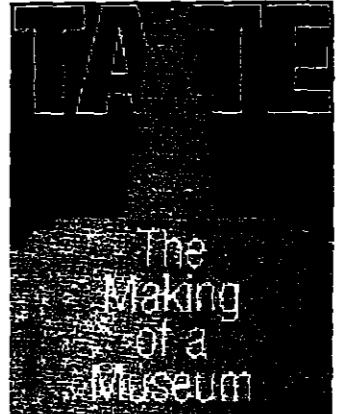
Tony Travers, of the London School of Economics, believes that much of the life, bustle, and prosperity that Tate Bankside will attract to the area will not be in the immediate vicinity. Although Bankside House opposite the new gallery has been cleaned up as a hall of residence for his own students, an adjacent decrepit 1960s office block, and a gloomy warehouse, are too bulky to be transformed into amenities for tourists. They cry out for demolition.

The opening of the Tate will mainly affect the narrow streets that lead away from the site where small buildings can be quickly converted into shops, bars and restaurants.

The historic area around the Borough, heavy with history and long overlooked, stands to gain most, and already smart restaurants, such as Fish!, have appeared in Borough Market, alongside gourmet shops.

But Manhattan Lofts' conversion of a block close to the Tate into residential units is bringing the young rich, and north London property prices, to the area - Carol Thatcher is a resident - and a contemporary art gallery, Purdy Hicks, has joined the long-established Bankside Gallery to take advantage of the flood of art-loving visitors.

The area around the Tate is being landscaped and small budget hotels are springing up along Southwark Street, which in a few years could turn from one of the dreariest of London's thoroughfares into one of the choicest. The imminent opening



of Southwark Tube station should provide a much-needed boost to the transport system.

The sudden transformation of a decaying area can cause problems, notably for the indigenous inhabitants. Southwark council is tracking the Tate's workforce to ensure that locals get a fair supply of the jobs. It supports the project, however, and contributed the crucial £1.5m to kick-start it into action. Council planner Fred Manson reckons the Tate will add £28m a year to the GDP of Southwark, a much-needed boost for a poor borough.

Cultural tourism is becoming a major economic force. It is one of London's key advantages in attracting inward investment.

The Tate Gallery of Modern Art may not be in the same league as the Metropolitan Museum of Art but its opening will certainly attract more people to an area of London which will be awakening before their eyes.

This is the latest in a series leading up to the opening of the Tate Gallery of Modern Art. Previous articles appeared in Weekend FT on October 3 and December 12 last year and on February 6 this year.

Through the gates of Downing Street lies one of London's best-kept secrets - a public right of way.

The mighty wrought-iron gates are designed to protect the prime minister from terrorist bomb and assassin's bullet. But tell the police officer on the gate politely and precisely where you want to go and they won't demand a pass or insist that you are accompanied.

Instead they will watch closely as you take the 20 steps along the street to the tall Regency door on the right that leads to another of the capital's best-kept secrets - the judicial committee of the Privy Council.

As recently as the 1930s, when much of the world was still painted British empire red, this incomprehensibly titled body was the final court of appeal for a quarter of the globe. Its roots go back to the Norman Conquest, when the Privy Council (or the private, intimate, council of the king) advised the monarch on the dispensation of justice "throughout his dominions".

Today it still dispenses justice on matters as diverse as insurance claims in New Zealand to life and death decisions in Jamaica - although its own little

# Extra brief after 900 years of dispensing justice

Scorn has been poured on a move to extend the role of the Privy Council's little-known judicial committee, writes Nicholas Timmins

guide-book admits that "almost no one in the UK has heard of it".

But a body that in recent years has appeared to be in terminal decline is about to get a new lease of life - as the final court of appeal when the devolution of power to regional bodies for Scotland, Wales and Northern Ireland takes effect next month.

It is a remarkable transformation - and a controversial one. Alex Salmond, the Scottish National party leader, is scathing about it. "The whole thing is a joke," he says.

The 109-strong judicial committee - three to five judges normally sit - has an average age of 67, he protests. It is composed of the present law lords, other current and retired senior judges including some Commonwealth ones, and a smattering of politicians who were, or are, government law officers, the majority of them Conservative appointees. It is, Salmond says dismissively, "a retirement home for legal geriatrics".

The committee sees it differently. In recent years, its judgments have altered the conduct of death warrants in Jamaica. Its defenders argue that the legal power of its judgments - often involving the law lords - carry a weight in the Commonwealth which is little understood in Britain.

**A typical week's hearings range from the trivial to the astounding. The latter includes the sight of British judges still hearing appeals against the death penalty**

The government is defensive about the committee's new role. Henry McLeish, a Scottish Office minister, insists it is there only to settle "a very small band of technical issues" about the legal competence of the new Scottish parliament.

Others are not so sure, foreseeing potentially explosive political divides over what the Scottish parliament has the competence to do.

The choice of the committee as the final court of appeal resulted from the fact that even English politicians recognised that the law lords, sitting as part of the Westminster parliament, could hardly act as the final court of appeal for Scotland (or Wales or Northern Ireland, for that matter). Both the symbolism and the

committee, nonetheless, hardly feels like a modern constitutional court. Enter the 30ft tall oak-paneled room, with gold-leaf centre rose, all designed in Gothic Revival style 1828 by Sir John Soane, and you can hear the oddest collection of cases.

New Zealand aside (which still

range from the trivial to the astounding. The latter includes the sight of British judges still hearing appeals against the death penalty - long since abolished in the UK - that have come from Jamaica or Trinidad, for example.

The former could include an insurance claim from a small island, a case whose size and importance would never normally reach the House of Lords. In addition, there are doctors struck off by the General Medical Council who can appeal to the committee and form a growing part of its declining business.

The proceedings are speedy, with an odd Dickensian informality. Judges, unwigged and in lounge suits, write precise fountain-pen notes on the submissions of bewigged barristers.

But the idea that this small room, with barely any reporting facilities, could be the focus of whether the Scottish parliament has the right to regulate fishing in Moray Firth, let alone some

prefers to have its final appeal court in London), its jurisdiction these days is limited to the ever-shrinking smaller corners of the Commonwealth that do not have their own appeal court - Bermuda, Gibraltar and Brunei, for example, plus a clutch of Caribbean islands and a few hard-to-place spots such as the Turks and Caicos Islands.

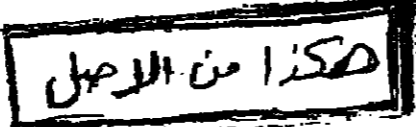
A typical week's hearings - it takes about 50 to 70 cases a year

great constitutional clash between the auld enemies of Scotland and England, seems strange.

No one has a clue how often, or even whether, it will be called on. But Salmond remains dismissive. "The idea that this body, sitting in Westminster, will be regarded as impartial" when it is dominated by English judges and has more New Zealand appointees than Scottish ones - "is ludicrous," he says. In theory - and Derry Irvine, the lord chancellor, has refused to rule out the possibility - the Labour lord chancellor could even hear cases.

Salmond favours a constitutional court on the German model, with expert members drawn from both the Holyrood and Westminster parliaments. He predicts the committee will never be used. "I don't believe any Scottish executive would ever consider it an acceptable way to resolve disputes. We will simply have to find a better mechanism."

The government, however, has no plans to do so. So a 900-year-old institution may be getting a new lease of life as it heads for its millennium, but one that may prove more interesting than it bargained for.





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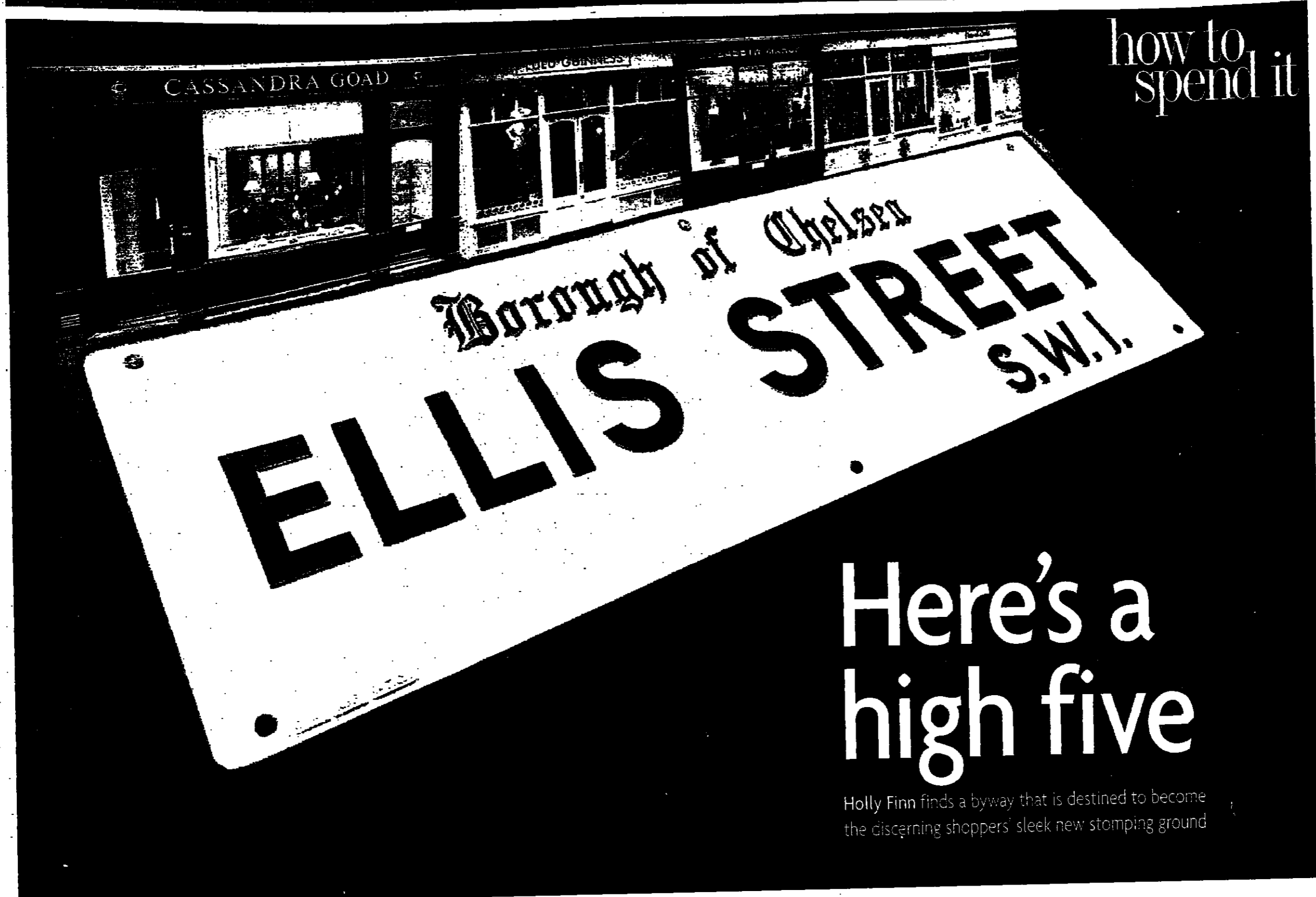
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how to spend it

# Here's a high five

Holly Finn finds a byway that is destined to become the discerning shoppers' sleek new stomping ground

For hundreds of years, Cadogan Estates has owned wide swathes of Chelsea. The company now lays claim to most of Sloane Street and, in a push to make it an even more fashionable boulevard - from Knightsbridge at the north end right down to Sloane Square at the south - the present earl has not been neglecting his international reputation. Sloane Street, but calling it smaller names to liven up the side streets as well.

Derek Fenfold, Cadogan Estates' spokesman, says the company gives a lot of credence to "side-street appeal" and the shops that can create it, those sufficiently unusual to thrive off main street. "To use a theatrical metaphor - off-Broadway is often a lot more interesting than on-Broadway," he says.

Just north and east of Sloane Square, where you think nothing idiosyncratic could take root, is a short byway called Ellis Street. Like a dose of drama after too many goody musicals, it proves the metaphor, and is likely to become a smash hit.

As in the theatre, the director has a vision, but it is the actors who make the play. Here, in a row, five shops have sprung up, each with an oval painted placard, each with a personality - that of the woman who owns it.

These five have invested a lot in their shops. Each has created a showcase for her speciality - jewellery, handbags, clothes, hats, and shoes. Many of the designs are, like the designers, one-offs. When you buy something here you feel you're getting to know not a brand but a person. The first of the five moved in last May, the last a few months ago, so Ellis Street is just now

asserting its personality. It's a street you should aim for rather than just stumble across.

The door of Cassandra Goad's jewellery shop is the first in the row. Goad is not an aggressive retailer. She earned her degree in "drugs and poisons" (toxicology and pharmacology) and says simply, "I never would have been a great scientist. I can be a great jeweller." She is exacting.

The window of Goad's shop is not sparkling with gems, just flowers. "I wanted clients to feel there wasn't something set they had to do, or have, or say, when they came in," says Goad. Inside, a navy blue banquet by the window welcomes you to sit with the designer and chat about just what suits you. Perhaps a rock crystal necklace with pearls and a gold clasp (£100)?

"I couldn't give a damn - almost - about fashion," says Goad. "I care more about the person." Which is why, if you bring in an old brooch or tiera that only needs polishing to be wearable again, she will simply shine it up and send you on your way. But if you are after something very particular, she will work with you to see that you get it, whether adapting an old choker or creating an original

blue topaz centre, (£155) and later mix it with another (sapphire-studded rim, £800, pearl centre, £70). Rings are bold, with purple tsavorite garnet sitting happily next to virulent tanzanite (£5,000-10,000, depending on availability). And Goad's silver letters - which she incorporates into bracelets (£365), necklaces and keyrings with leather (£100), as well as on to cufflinks and silver boxes - are distinct. If, for some reason, you don't like the font on offer, you can specify another.

Goad's jewellery runs from 21st present-perfect, to anniversary dramatic. Like the other women on Ellis Street, she wants "to make the street really friendly and nice, and quirky". It is also efficient. Tripping along from one shop to the next, it is entirely possible to kit yourself out for that wedding you've been ignoring - in one swell swoop.

Next stop: Lulu Guinness.

An embroidered cream silk fan bag (£2405) has a pearl necklace for a handle. After the day, the necklace can be detached and used, by bride or bridesmaid, as a memento. And now, in a joint venture with Lady Palmbo's Tapiserie shop on Walton Street, Guinness is introducing a bespoke tapestry bag service.

And, once you have bought a Lulu Guinness handbag here, you are given a card, which - should you ever be stranded on Sloane Street - invites you to pop in for a look, a coffee, even

jackets", whether in black twill (£490) or green tweed (£520), are always trimmed in a contrasting colour so when you turn up your collar, a shot of

for instance (£629), that can actually be sculpted the way you want it - scrunched up or down - depending on your mood, and the occasion. Ligenza also sells pashminas, accordion-pleated in Italy (£389), as well as "ring shawls". In muted shades of tangerine and periwinkle and pink, these are woven of such delicate wool they can be passed - like magic - through a ring.

The milliner's shop, like those of her neighbours, is small and chic - but not snooty. These women understand about making people feel welcome. Says Ligenza: "It can look quite forbidding, an elegant row of shops like this. It's not anonymous. It's a one-to-one situation. You have to brave it, to come in and discover we don't bite." Yvonne, Ligenza's assistant in her shop, is the most gracious and helpful you will come across.

Hat box in hand, the last stop on Ellis Street is French Sole. Here, Jane Winkworth indulges her passion for ballet pumps, offering more than 10,000 pairs, in 230 colours. "An alternative to loafers, that masculine look," they range from £26 for a simple little patent number to £125 for pink faux-snakeskin. There are also square-toe orange pumps in faux ostrich (£36), brown faux-lizard mules (£55), as well as a sparkly pair covered in black glitter (£40). Made mainly in France, some in Italy, French Sole pumps are trimmed in matching or contrasting leather, satin, cloth, or nubuck, and are ideal for the frivolities of summer.

"This is our first season," says Lulu Guinness of the Ellis Street Five. "Let's just see how we can get those ladies into the churches, to Ascot."???" Co-operation, rather than competition, is what's likely to get the job done.

"We have a very strict policy of not interfering in what other people do," says Gabriela Ligenza. Although they lend each other a hand when needed (or a hat - Ligenza sent a selection next door to Elisabeth March's most recent fashion show, for instance), each of them sticks to what they do best. They don't cannibalise each other's wares.

- The Ellis Five are not just players in a Cadogan Estates production. These women have adibbed the scene, creating something both colourful and, above all, civilised here. It is they, and their designs, that are putting Ellis Street on the map.
- *Ellis Street, London SW1 is the third turning on the right as you walk from Sloane Square north up Sloane Street.*
- *Cassandra Goad, 1 Ellis Street, tel 0171-730 2202*
- *Lulu Guinness, 3 Ellis Street, tel 0171-325 4228*
- *Elisabeth March, 4 Ellis Street, tel 0171-259 9715*
- *Gabriela Ligenza Hats, 5 Ellis Street, tel 0171-730 2200*
- *French Sole, 6 Ellis Street, tel 0171-730 3771*



use of the 100. This unique brand of customer treatment was inspired by Guinness's recent trip to Asia. "I've always wanted this idea of super-service," she says. "It does feel like you can sit down here and feel enveloped in coziness."

"We're all very strong characters," says Guinness, of her neighbours on Ellis Street. She sees the female phalanx creating "what Beauchamp Place used to be". The difference is, as Guinness says, that when the real estate on this street was being apportioned, "you were only allowed to have - to pay for - one of these shops if you made what you sold". No brand-heavy boutiques were allowed.

Elisabeth March, whose shop is next to Lulu Guinness, was the first to move to Ellis Street. It was she who saw real possibilities in the then vacant windows, she who determinedly wanted "people of the same ilk" in the spaces to her left and right.

Now, the clothes of March's imagination are brought to life in the cellar at No.4. Upstairs, a neat silk dress and jacket in apple green with satin trim and satin buckle-buttons (£250, £490), hangs near a deep ocean blue velvet ankle-length Nehru coat with silver trim (£1,350). Wrap-around suede skirts (£340) appear in lilac or red. These designs are for day or night, both racy and restrained.

But "everybody knows me from my leather pants and riding jackets," says March. "Women in jodhpurs - that whole sexy thing." Her "riding

Downstairs, the carpet is peppermint pink, the perfume in the changing room Annick Goutal, and the lounging chairs wrought-iron. Upstairs, the floor is lined with pages from vintage fashion magazines. Guinness's aim is a salon-style boutique with her fingerprint. "I designed every bit of Perspex in it," she says.

Her handbags are, as many already know, the height of wrist-whimsy. She is best known for her florals: a navy straw basket with violets atop it (£284), a silk bag heaped, like a potato pudding, with seemingly sugar-sprinkled grapish-berries (£264). But her new wedding collection is as demure as it is devilish. There are feathered headpieces designed with Dal Rees, and ultra-femme shoes finished in collaboration with Christian Louboutin.

electric blue or lilac suede makes very clear that this isn't any old hunt. Her leather trousers (from £450) are made-to-measure - twice.

March always urges customers to return two weeks after leaving with their pair, so they can be refitted after the initial loosening of the hide. They never stretch again, never look slouchy.

March caters to a growing band of loyal British customers. They come to fashion shows in her shop knowing "they've got two weddings, and they're definitely going to Ascot, and have an evening do coming up," says March. "They come in for one show and they organise their year."

March caters, she does not kowtow. "It's fashionable to be aloof. I don't believe that. That's not me," she says. Here, if something doesn't make the most of you, March will tell you: "I'm sorry, you've got a big bum." So you really know when you've got it right, both in the shop and out, as a recent customer did on her wedding day.

When, at the reception, she peeled off her classic cream jacket with beaded stand up collar to reveal the daring March-designed one-shouldered cream sheath underneath, everyone just applauded.

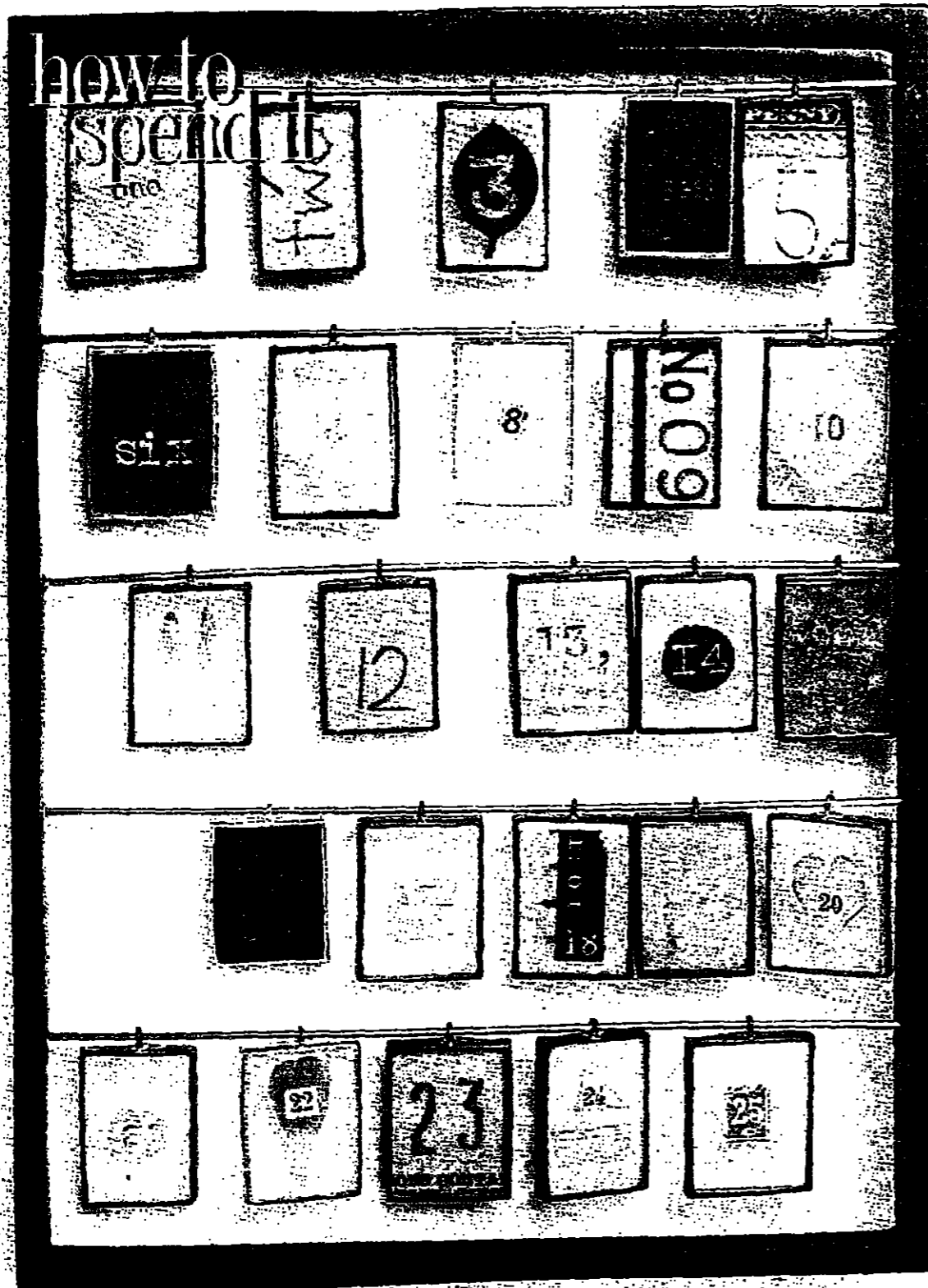
Gabriela Ligenza, whose shop sits next to March's, makes hats that have the same effect. "My trademark," she says, "is that my hats look better on than off. They have better person appeal than shelf. If something is absolute perfection on the shelf, when you put it on, it's too much. You really need the face to make the hat 100 per cent."

Ligenza, who designed the interior of her Ellis Street space, was trained as an architect in Poland. She gave up that business ("maybe I was just fed up doing things that you could be sued for"), but not her eye for spatial detail. In grey straw, she carves out a headpiece in the shape of a rose (£319). On a hatband, she plants leaves of Murano glass dusted with gold (£249). A wide and droopy-brimmed silvery hat is at once formal and funky (£269).

This season, many of Ligenza's 60 new designs incorporate pleated man-made horsehair, a material, in black

design. Goad, and her jewellery, are flexible. Barrings come apart, so you can interchange rims and centres. Choose one pairing now (gold rim, £400,





Bond with your baubles: Graeme Morton's compartment brooch is hung with miniatures that reflect the wearer's life and interests

# Dedicated wearers of art

Jewellery designers demand more of their customers than the price, reports Corinne Julius

It's a steel and silver ladder with a detachable gold leaf cube held in place by blue latex cords. It's about the size of a large bread knife, only it costs £580 and you wear it. Well, you might not. But it is something to think about.

For centuries, a woman's jewellery has been designed not merely to adorn the body but - principally - to symbolise wealth and status. Jewellers laboured with precious metal and gemstone to offer a woman objects that celebrated power and affluence (though rarely her own).

Today, designers have very different preoccupations. Many crafters of jewellery see themselves primarily as artists and sculptors, making Wearable Art - an alternative to, not a substitute for, more traditional jewellery. It adorns the wearer, making her feel more feminine or prettier, for example, but it also demands an active response from both wearer and viewer. It asks you to exercise a little intellect, if only to work out what the hell it's all about.

Traditionally recipients of serious jewellery, rather than purchasers in their own right, women are now buying and commissioning jewellery for themselves. And often, they are selecting pieces not so much as badges of wealth or power, but as indications of a different sort of status: that gained by being someone concerned with, and very much clued in to, art and design.

This doesn't mean that jewellers such as Maria Hanson, the creator of the ladder brooch, are indulging in art above wearability, but she does expect a lot from her customers. "I think jewellery as a subject has a value beyond the body. It is about how an object relates to space, movement and the human form. I never see my pieces as accessories, I look at the body as a canvas for the object."

The drama of her neckpiece, Balance 4 (£1,520), a gold leaf "bagel" worn resting on the tummy, suspended from the neck by a stainless steel chain balanced on the other side by four silver tear-drops, is not for the faint-hearted.

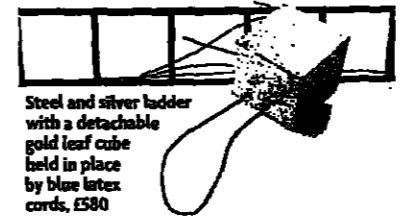
It is difficult to imagine that a piece like this could feel sensuous, but the balance between the component parts as they move across the body is unexpectedly enjoyable, a secret for the wearer alone. It's hard to keep your hands off, a little like having a giant

set of worry beads to caress. Clients such as Lena Denny relish the purity of Maria Hanson's work.

"I love the simplicity of my necklace. I don't want jewellery that dwells on what has already been done. I much prefer this to antiques. This has an edge. It reflects my own interests in art and design." She may not wear her necklace and earrings daily to her job, but is confident that "they don't overpower me".

This is exactly the response Maria Hanson likes to provoke. "I make objects that can be worn but provide a challenge," she says. "The scale and positioning of these pieces on the body restricts certain activities, but creates personal awareness that allows for contemplation. If I call it jewellery it must be wearable. But you can't forget you are wearing it."

You might expect that only the young would rise to the challenge of



Steel and silver ladder with a detachable gold leaf cube held in place by blue latex cords, £580

wearing it, but Muriel Wilson, now retired from the British Council, has a number of Hanson's pieces. She has just commissioned a ladder brooch, albeit a slightly smaller version. "I want to wear it, not it me. I love her work. She has such a marvellous sculptural sense and there is a kinetic quality, it moves as you wear it and responds to your gestures."

Playing with movement is a common theme in much modern jewellery. Scottish maker Anna Gordon bases her work on three-dimensional geometric shapes. She designs square or circular cage-like brooches in black oxidised silver, containing another suspended geometric element in fine gold wire, which moves with the wearer (from £500). Another series is based on large black oxidised silver circles, which tremble with rows of suspended small gold rings.

There is always a subtle surprise either in construct (the way circles and

tubes are put together in changing patterns of gold, silver and black) or mobility (how the shapes interact as the wearer moves).

"I like to make pieces that are not immediately obvious. They might seem so at first glance, but you always have to look again to see them properly. I don't like complexity for complexity's sake. For example my tubular brooches, long open work tubes composed of individually made oxidised silver rings (£300-£400) are based on folded circles. It might look complicated, but it isn't."

It's not surprising to learn that Gordon draws inspiration from modern architecture. And that clients of jewellers such as Gordon feel they are buying not just a hunk of metal, but part of his maker's creativity, "even part of their brain" - something extremely personal.

Miniature objects reassembled into their own mini collection boxes is the basis for much of Graeme Morton's work. She includes found objects as well as making painstaking miniatures like tiny enamelled dogs, cars and letters of the alphabet. The influence is drawn not only from collecting, but from children's pop-up books and toys. All of it can be played with.

"They are really toys for grown-ups. I hope that onlookers become involved, sparking memory and thought as well as making them smile," she says. When working to commission she fills the boxes with items that relate to the purchaser's life - thus creating future heirlooms for under £100.

Individually crafted pieces like these do not have enormous intrinsic value, but as interest in craft and design grows, and the market for it expands, its value may increase. Then this kind of jewellery will really wear well.

■ Anna Gordon, Wasps Studios, 2 West Park Place, Edinburgh EH11 2AJ, tel: 0131-623 7034. Graeme Morton, 13 Bruntsfield Avenue, Edinburgh EH10 4EL, tel: 0131-228 5198. Maria Hanson, Albert Works, Sidney Street, Sheffield S1 4RG, tel: 0114-279 6365.

■ The work of Anna Gordon and Maria Hanson will be on show at Contemporary Applied Arts as part of an exhibition of Wearable Art from April 16 to May 23 at 2 Percy Street, London W1P 9FA, tel: 0171-436 3344.

# My word is my wardrobe

Literary types admit it. They are challenging the stereotypes - they care what they wear, says Vanessa Friedman

Recently a musical version of *Bright Lights, Big City*, the Jay McInerney roman à clef about night-club-crawling would-be writers in 1980s New York, opened off-Broadway to mixed reviews. The problem, the critics felt, was irony - or the lack of it - and to illustrate the issue one writer seized on the costumes. Most of the characters, she noted, wear bad "1980s day clothes", but the main character - a member of the master race in those who have the Great American Novel in them - wears tasteful, simple, literary-guy clothes.

This was written with pen firmly in cheek, but it raises a genuine question: what are literary-guy clothes? Most professions have a recognisable uniform - a banker's Savile Row suit, a film director's baseball cap, an architect's collarless shirt - that acts as a kind of employment short-hand. None of this is true, however, for writers. When they are working, writers are in a sartorial vacuum. It really doesn't matter what they wear. On the other hand, when writers leave the office - go to a book signing, say, or a reading, or a lecture - what they wear becomes charged with meaning.

According to the novelist A.S. Byatt: "Most people flip to the author photo

on the back flap before reading a book; they want to know what the writer looks like." As the cult of the author gets stronger, selling a book is as much about selling the person behind the book as the narrative itself.

Last week the first pan-city book festival, "The Word", was held in London and attended by 66 writers from 40 countries. It seemed an ideal opportunity to investigate.

While it is true that most authors on authorial business do not look as if they've just stepped out of the pages of *Vogue*, they do not look like they dressed in the dark either. In fact, they often look like their books. This is nothing new - Hemingway always looked like the Great White Hunter of his novels; Barbara Cartland is the pink-frilled personification of her purple prose - but it is deliberate.

Let us explain. "You want to wear your national colours when you go out," says James Thacker, author of *The Book of Kings*. "After all, you're representing the work." Thacker's colours are the international nomad's jeans and a jumper - not surprising, since the stateless man is a pet theme. "I'm very conscious of what I wear when I'm in public," said Joseph



So this is fashion, literally: Antonia Fraser displays an eye-catching Tree of Life brooch while Joseph Heller strives not to appear an ugly American

Heller, the avuncular author of *Catch-22* at the breakfast which launched the festival. "I'm sensitive to how readers regard me, and I don't want to look like a typical American author or actor who would affect an extreme disregard for the people around me. I already know, for example, what I'm going to wear to my reading later in the day: a navy blazer, grey flannels, white shirt and tie, to look distinguished and respectful." It's a bit of an old-boy look, but then

Heller, at 70-something, is a bit of an old boy, as are his characters. But his sartorial dogma is observed by young boys too. Tony Hanania, for example, who has just published his second novel and is in his early 30s, takes his father's 1950s Savile Row suits to tailors to be copied. "Tailoring is important to the way you move; it gives you poise," he says.

The tailoring he chose during *The Word* involved a blue linen Hackett suit, over a button-down shirt over a blue T-shirt. "I think it's a fairly neutral image," says Hanania, who grew up bouncing between the political strife of Lebanon and the social strife of an English boarding school, and writes about it. Menswear designer Oswald Boateng approved of this image and asked Hanania to model for him. The writer agreed, on one condition: he wanted to be paid in suits.

Bruce Robinson, author and director of the cult film about youthful alienation and decadence *Withnail and I* and author of the recent coming-of-age novel *The Peculiar Memories of Thomas Penman*, also dresses like his characters (or more accurately, vice versa): his uniform is jeans, work shirt, work boots. At the moment the boots are Versace, but Robinson bought them thinking they were "Doc Martens or something". Walter Mosely, too, dresses like his alter ego Easy Rawlins, in a dark suit, dark shoes and dark hat, while Chinese novelist Hong Ying, whose novels and recent autobiography deal with Tiananmen and rebellion against repression, social, sexual, and political, looks like her heroines.

At Hong Ying's Word event, she was

wearing tight-fitting caramel corduroys and a shot-silver black lycra top. "People sometimes say I should wear traditional Chinese dress," she says, "but that's not what I'm about. Comfort, colour, movement are all important in my books and also what I wear."

In the same way, you wouldn't be surprised to find Brazilian crime writer Patricia Melo behind the desk of a private detective agency. Her severe, no-nonsense, mini-skirted grey suit

**When writers go to a signing, say, a reading or a lecture, what they wear becomes charged with meaning**

over black turtleneck, reflects her genre. It makes sense; if you're going to spend a year, or two, or ten, with someone, real or not, they might as well be a kindred spirit.

"You owe the public something if they've come out to see you," says children's book illustrator Shirley Hughes. "There is a persona you develop and you have to project. Readers often come up to me and tell me I look like my books."

Hughes, whose latest book was set in the 1940s, was sporting a black broad-brimmed hat, floral jacket, linen blouse and grey flannel skirt. "I always make my own clothes - usually from 1930s and 1940s fabrics I get in Portobello Road [market]," she says. Young historian Amanda Foreman,

whose recent biography of *Georgiana, Duchess of Devonshire* tells of an 18th century "It" girl, dresses in the costume of a 20th century "It" girl: brown suede trousers, maroon turtleneck, black suede coat. Her older counterpart, Antonia Fraser, whose *Mary, Queen of Scots* dwells on the details and meaning of costume, says: "I think about what I'm wearing because I want to give an audience something to look at so they don't get bored," she says.

"What you wear is one of the most innocent, and calculated, choices you make in a day," says cultural historian Simon Schama. For his public appearance - or as he calls it, "performance" - Schama donned a soft heather tweed Ermengildo Zegna suit over a navy shirt - serious, but with a louche, artsy edge.

So where does all this leave the cliché that writers never think about what they wear? "They think about it all the time," says Hanania. "They spend hours figuring out how not to seem vain."

Just as there are fashions in literature - just as, for example, during the "Bright Lights" era books by hipper-than-thou juniors were all the rage, and nowadays the confessional memoir is ubiquitous - there are literary fashions, and often the two are intertwined. The wanna-be author in the McInerney musical looked dumb because he hadn't yet created any literature that might in turn create a context for his clothing. The fact is, in literary life, as in any life, there can be no style without substance. And the word is you don't have to look any further than your bookshelf to be sure.



At The Word, London's recent festival, a gathering of literary lions admitted that what's on the longer matters, but never as much as what's on the pages

سكنا من الاصل



FOOD AND DRINK

Blend Date



Choccy and champers - it's a no-no

Giles McDonogh puts his palate to the test in search of wines you can drink with all those rich Easter eggs

Food and wine matches are a mug's game. It is virtually impossible to be precise. A wine varies from estate to estate and vintage to vintage, and every now and then, from bottle to bottle. Food is an even greater responsibility. I shall give you an example. The other day a champagne producer told me that one of his wines was marvellous with smoked salmon. Which smoked salmon? I asked. How had it been cured? Was it wild or tame? What had been the animal's habitat at the time of its death? Was it pink Scottish or ivory coloured Danish or Polish? Other expressions of his wine were supposed to accompany caviar - yet he was extremely vague as to which - and parmesan cheese, only there he was unable to say at what age the cheese should be selected to get the best results. If precision is pointless, guidance is useful. Some things do not go together at all. Take chocolate and champagne. The one will kill the other. Some people enjoy the combination of claret and chocolate. It has never appealed to me. It makes the wine taste bitter. With Easter eggs and bunnies in mind, I tried a chocolate and wine tasting courtesy of Prestat. Prestat is a rare British producer of quality chocolate and Royal Warrant holder in the Princes Arcade in London's Piccadilly. It was founded at the beginning of the century and for many years had a strong theatrical connection. Now it is owned by two half brothers - Mick Green and former FT journalist Bill Kestling, who developed a passion for chocolate on foreign assignments. I was assisted by a group of top London sommeliers, all of whom had strong ideas about what went well with chocolate. Tania Black of Mezzo, Shaun Corrigan of the Halcyon, Claude Doars of the Oak Room, Stephan Guicheteau of Nobu, Tim McLaughlin-Green of Gae, Frank Massard of Orrey and Olivier Merotto of Monte's. The chocolates presented were as simple as possible: bars of plain, bitter, blended, milk and white, with two versions of Prestat's famous truffles: the plain Napoleon III and one made with Royal Tokaji toky. These were pitted against wines which are supposed to like chocolate. Most of these were fortified, but there were some nobly sweet wines too, such as Royal Tokaji's Blue Label 5 putonyos; and the 1998 6 putonyos Nyilaszo (coldest Lantur Perrier, tel: 01426-97404) and a 2006 Coteaux de Layon, Beauclair from Chateau de Pierre Bise (Lea & Sandeman 0171-376 4767). Madeira is often touted as a good chocolate wine. So we had 10-year-old, semi-sweet Bual from Cosset Gorrion and a sweet Malmsey of the same age from Blazidy (Falls 01443-870900).

The rest were basically of the port type including two French wines - much under-valued here - which we were obliged to ship in from abroad: a 1985 Banyuls Amiral Francois de Villaren and three Marmys from the co-operative - a 1997 Catinou, a 1994 and the 1989 Reserve (Inquiries to Christine Outvreo in France +33 4 88 51 10 88). Lea & Sandeman was able to field another Marmy from Mas Amiel, the 1996 cuvee Charles Dupuy. Finally there were two Sandeman ports: the Signature ruby, and the 1994 Late Bottled Vintage (Sandeman 021-250 1998). It was not an easy tasting. You can spit out the wine, but it is hard to get rid of the chocolate so easily, and your taste-buds get saturated quickly. After a while I began to flag, but I noted the bitter chocolate went well with the 1989 Marmy and the Malmsey; that Banyuls was all right with the plain truffles; that the Mas Amiel put up a brave fight before being routed by the plain chocolate; and that the slightly cabbage-like Bual made a most unlikely marriage with the ultra-sweet white chocolate. There were a few star combinations. The tokays (but not the extremely sweet and delicious 6 putonyos) dealt admirably with the buttery truffles. The Malmsey revealed a hidden curium character in the blended chocolate and was fine with the milk. The greatest combination of all, however, was the 94 LBV with the plain chocolate. This alone had the makings of a classic pairing. I collected notes from the sommeliers. Guicheteau thought that madeira rather than toky was good with truffles. Doars disagreed. Black thought the toky altered the taste of the truffles, and suggested this cheaper Bine Label as the best combination. As regards LBV and plain chocolate, Doars called it "the perfect match", a view supported by Black. McLaughlin-Green was a fan of the combination of bitter chocolate and Bual madeira, a combination detested by Massard. He suggested the 1989 Marmy as a partner for the bitter chocolate. Corrigan put his finger on it when he said that the port style wines were better with the bitter chocolate. Merotto didn't think anything went with the bitter chocolate. For him the best all-rounder was the drier toky. If anything emerged it was this: port style wines, especially young port style wines which still retain their blackberry-raspberry-fresh fig flavours, go best with dark and possibly bitter chocolate. The more butter and cocoa butter you add, the more acidity you need. Only toky or madeira can cut through their cloying richness. Prestat, 14 Princes Arcade, London SW1, tel 0171-629 4833.

to know what his Longhorn Beef, Middle Whites and Ryeland Lamb look like on the hoof then try: <http://www.pedigree-meats.co.uk> or contact Richard Vaughan, Pedigree Meats, Emisham Court Farm, Goodrich, Ross-on-Wye, Herefordshire HR8 6JN, tel 01600-890296 or fax 280080. Petzer Bonterra 1996 Zinfandel is an organic wine that is delicious on its own merits. At £7.99 from Oddbins and organic specialists Planet Organic of London and Vincerevos of Leeds ([vincerevos.co.uk](http://vincerevos.co.uk)) it shows the way forward for viticulture in general. Janice Robinson

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COOKERY PHILIPPA DAVENPORT

Don't fall fowl of your best-laid Easter plans

Which came first, the chicken or the egg? Frankly, I don't care. What matters far more than precedence is provenance, for on that, the quality of produce depends. Good news on the egg front since last Easter has been the David versus Goliath success of Martin Pitt (he of some of the freshest and best commercially produced eggs in the UK). He has won his long fight against government bureaucracy and is now able to label his egg boxes with the information consumers want - the date of lay, instead of the misleading "date of packing" (legal definitions allow up to 10 days to elapse between laying and packing) or "best before" (21-28 days after date of packing). Put the word packing in italics or underline it, please. There has been good news on the chicken front, too, with greater availability of chickens that taste as chickens should. Some supermarkets as well as butchers, poultry dealers and farm shops now stock chickens labelled "organically fed" and birds defined as "traditional free-range" (intrinsicly superior to plain "free-range" because they are breeds suited to outdoor living, and because they grow more slowly to develop more flavour). Some birds from Moy Park fall into the former category; Label Rouge chickens from Janzé into the second. Those who shop for chicken in supermarkets tend to buy chicken portions more often than whole birds. I have yet to find a supermarket that stocks a full range of traditional free-range or organic chicken portions (can anyone tell me where I might find one?) but it is certainly true that common or garden basic free-range chicken portions are getting more supermarket shelf space all the time. What concerns me, though, is that free-range chicken wings never seem to put in an appearance, and thighs appear only very rarely. This suggests that these birds are flightless, legless, breast-only monsters. Perish the thought. As I have remarked on these pages before, for the best birds, go to a butcher you trust, or a specialist in mail order meats, such as Craig Farm Organics, win-

new potatoes and purple sprouting broccoli. Maybe some carrots, leeks and green beans as well. And definitely lashings of Hollandaise sauce, or a salsa verde thick with capers and chopped green herbs. Here are a couple of alternative chicken recipes. First a pie which has the advantage of needing no last-minute attention, in other words it enables the forward-thinking cook to have Sunday morning off. Second, a supper grill with a lively sauce; just the sort of quick and easy thing that does not seem unduly daunting to cook at the end of a day out, a long day out being what many families like to indulge in at Easter. But first, a word of caution. At the time of writing, danger hangs over the future of Britain's small-scale meat producers, the few small abattoirs that remain, and the fledgling organic meat sector. Massive new charges proposed by the Meat Hygiene Service look set to force many of them to close, and to preclude new entrants from starting up, thus leaving the way open to further monopolistic control by the supermarkets and their large-scale plants. Consumer choice, quality and, I believe, animal welfare would all suffer. A dire thought. Easter is supposed to be the season of hope, and I fervently hope Nick Brown, the UK agriculture minister, will take urgent steps to avoid such catastrophe. Martin Pitt, Levett Farm, Clench Common, Marlborough, Wiltshire SN8 4DS, tel 01672-512035, fax 01672-514978. Craig Farm Organics, Dolau, Llantrisant Wells, Powys LD1 3TL, tel 01597-851665, fax 851891.



CHICKEN THIGH PIE

(serves six)

1.25kg chicken thighs on the bone; 2 bunches spring onions, trimmed and cut into 5cm lengths; 1 dozen quails' eggs, lightly hard-boiled; 100ml dry white wine; about 450ml chicken stock (Joubers, a liquid stock available in good food shops and some supermarkets, will do fine if you have no home-made); 200ml double or whipping cream; 45g each butter and flour; 2 teaspoons Dijon mustard; 2 tablespoons fresh tarragon leaves (or more to taste); a squeeze of lemon; 400g-500g puff pastry, ready-made weight; beaten egg to glaze. Heat a heavy, well-seasoned (or non-stick) sauté pan, and fry the chicken (skin-side down for most of the time) for five minutes until the skin is golden and a lot of fat has been rendered. Lower the heat, cover, and cook gently for about 25 minutes until tender all through (again cooking the chicken skin-side down for most of the time). Transfer the

cooked chicken to plates and set aside to cool. Pour the fat and sediment from the pan into a bowl. Turn up the heat under the pan again, add a modicum of the melted chicken fat and sear the spring onions for two to three minutes, then cook more gently for a few minutes more. Remove to a plate and cool. Next, hard-boil the eggs, and make the sauce. To make the sauce, first deglaze the sauté pan with the wine. Scrape the bubbling mixture into a measuring jug and add enough stock to come up to the 500ml level. Melt 45g fat in a saucepan (the warm chicken fat saved from cooking the thighs, or butter, or a mixture of the two). Stir in the flour, then the hot stock and the cream. When perfectly smooth and hot, season with salt, pepper, the mustard and tarragon, adding lemon juice to taste. Set aside. While the sauce cools, strip the chicken meat from the thigh bones. I leave the

skin on and prefer large chunks to be the meat juicy, cutting just four or maximum six pieces from each bone. Mix the meat with the spring onions. Stand a pie funnel in a large pie dish, and spoon some of the sauce into the dish. Cover with some of the chicken mixture, adding a few quails' eggs here and there. Spoon on more of the sauce and repeat the layers until all the filling is used up, ending with sauce. When the filling is quite cold, cover the pie with puff pastry in the usual way, decorate with trimmings and chill until shortly before you are ready to cook the pie. Glaze the pastry with beaten egg just before sliding it into a hot oven. Bake for 10 minutes at 225°C (425°F) gas mark 7, then at 180°C (350°F) gas mark 4 for 30-40 minutes so the filling is hot and the pastry golden, puffed up and crisp. A bit longer at a slightly lower temperature will do no harm if the pie is ready before you are able to serve it.



CHICKEN WINGS WITH GUBBINS' SAUCE

The splendidly named Nathaniel Gubbins was as keen on his food as he was on sport. Edward Spencer quotes him in Cakes and Ale, written at the turn of the century, as the creator of this piquant sauce; he recommended pouring it over the grilled legs and wings of fowl, pheasant, partridge or moorhen for breakfast. I have modified the original sauce very slightly and I prefer the idea of a later eating hour. Allow 2-3 chicken wings per person depending on appetite. Cut off the top 2-3cm of spiky wing tips. Mix a little olive oil, lemon juice and black pepper in a shallow dish (half a teaspoon each of oil and lemon is plenty for 2 people) and turn the wings in the mixture with your fingers to moisten them all over. Set aside while the grill heats up and you prepare the sauce.

For the sauce, for every 2 people, melt 25g butter in a small basin placed over a pan of barely simmering water. Using a fork, beat in 4 teaspoons freshly made English mustard, followed by 1 tablespoon tarragon vinegar, then 2 1/2-3 tablespoons thick cream. When the sauce is smooth and hot, season it with salt, 1 teaspoon chopped capers and 2 teaspoons parsley.

Keep warm over a low flame. Grill the chicken on a rack for six to seven minutes on each side until the skin is crisply blistered with gold and black and the meat is cooked through. Pour the hot sauce over the wings and serve with plenty of bread for mopping up the juices. Finger bowls and large napkins will be needed, too.

■ Chef Maria Elia who cooks at the Delfina Studio Café near London's Tower Bridge with an all-woman team, has invited writer and broadcaster Anissa Helou to be guest chef for a two-week celebration of Moroccan cooking from Wednesday April 14 to Friday April 30. An à la carte Moroccan menu will include authentic dishes and wines. There will also be a short menu of typical Delfina dishes. Helou, an occasional contributor to the food pages of FT Weekend, writes and broadcasts on subjects as diverse as Andalusian cuisine, erotic cuisine, how to find Middle Eastern ingredients and Moslem

APPETISERS

Writer into chef will go

Fast and Feast: The latest book, Street Cafe Morocco, by Anissa Helou, is published in October, £22.99, and is preparing a book on offer. In little over a year Maria Elia has made her mark with some original dishes - this is a strong point; some of it flown from Australia - delightfully presented. Delfina Studio Café, 50 Bermondsey Street, London SE1 3UD, tel 0171-337 0216, email: [adh@delina.org.uk](mailto:adh@delina.org.uk). The Internet may well prove to be one of the best marketing tools that small food producers, such as family-run farms and butchers, can employ. Richard Vaughan, who runs Pedigree Meats of Herefordshire, is so convinced of this that he has set up his own website. So if you want

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PROPERTY

# Hard choices loom when the nest is empty

Some couples move after their children leave home, others stay in the family house and hope visitors will fill it. Anne Spackman reports

Occasions such as Easter define the empty nesters' conundrum: do you stay in the big house because the family festivals make it all worthwhile; or do you decide it is ridiculous to live in a place which is half-empty for most of the year?

For mothers, in particular, the choice is hard. Some describe the sadness of walking past children's empty bedrooms. "I was rattling around in a house full of

people who weren't there," said one mother who made the decision to move.

Others are loathe to leave a place so rich in family memories. They quietly hope their children's departure will be just a brief lull between the parent and grandparent stage.

For Anna Pavord, gardening writer and author of the current best-selling book, *The Tulip*, and her husband, Trevor Ware, this lull was so

brief that it helped make the decision for them.

The couple have three daughters. When the youngest, Tilly, went to university in Edinburgh, hundreds of miles from the family home in Dorset, the first conversations about moving took place.

There is a particularly hard home to leave. When the family moved in to their 300-year-old rectory, there wasn't a complete floor or ceiling in the place. The roof was sagging and ivy had forced its way in through a broken window pane and started to climb - rather appropriately - along the inside walls of what is now Anna's study.

In the 24 years since, the house has been slowly and lovingly restored. They have dug virtually every border, built every bank and planted every flower in the acre and a half of garden.

The older daughters (and many other cousins and relations) continued with regular visits long after officially leaving home. And it was on one of those visits that her eldest daughter, by then married and pregnant, unexpectedly went into labour.

"The next day, there we all were, sitting out on the grass, with this little scrap wrapped up in a blanket," Anna recalls. "I had thrown all the children's old baby things into the attic. There was the cot, still with Tilly's scribbles on it and the old high chair. I could not imagine how it would be if we weren't here.

"The longer you stay in a place, the more you establish habits and traditions," she says. "Trevor still does the clues for the Easter egg hunt and the children still want the eggs hidden."

"It's brave to leave," she goes on. "It means leaving behind your children's childhood and recognising you are entering a new phase of your own lives. You have to look at new houses and ask yourself, if I had a heart attack, could I get up the stairs?"

Far from rattling around in the house, the family now find themselves bursting at the seams. Trevor, who is a marketing consultant, has set up an office at home. His mother is a regular visitor. Their second daughter is about to get married and a second grandchild is on the way.

"We are expanding into this house at a stage where

we should be shedding it," he admits. "It does rankle." With four bedrooms and two bathrooms, the property is not huge, but it is too big now that their son, Jack, is at university. He - like most children - is totally opposed to the idea of his parents selling "his" home.

If it were a straight choice, John Simcock would stay in Earls Farm until he died, before being carried to the lovely Norman church over the road. But after 20 years, the house needs some money spent on it.

More important, Patti Simcock now suffers from rheumatoid arthritis. "It's become a burden for her," he says.

Like many families who have lived in the same house for a lot of years the Simcocks are immersed in the life of their village. Choosing a new home is just as difficult a decision as selling the

old one. "Even two villages away, it's another world," John says.

It was an advertisement for what looked like a suitable house which prompted the McCall family in Kent to put their own property, *Hamptons*, on the market.

*Hamptons* is a grand Regency house in a quiet valley near Tonbridge. It has a good-sized sitting room, which David and Sue McCall use regularly, an even larger morning room, which they use rarely and a vast dining room and drawing room, which are only opened up for parties.

"We've had some great parties there - in fact the place is designed for partying," says David McCall. "We've sat 65 in the dining room at a push."

Their next, and possibly final, big thrash will be the wedding of one of the McCall's two daughters.

"They are going to miss what has really been their home," David admits. "We're all really going to miss it."

Like the Simcocks, they are keen to find a smaller house in the same area. They are perfectly prepared to take on a place in bad condition and do it up. David would even be keen to build his own house, if he could find a plot.

Purchase of the first house they liked fell through, so the McCalls keep on looking. But it's not easy when you are leaving somewhere you love. "One has set ideas," David admits. "We probably have to go through the learning curve again."

■ *Earls Farm in Compton Martin is for sale at £360,000 through Cluttons Daniel Smith in Bath (01225-465111); Hamptons is for sale through Lane Fox in Sevenoaks (01732-459900).*

in for being sensible before," he admits. "It does rankle."

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A nest overflowing: Anna Pavord's three daughters have left home but frequent visits mean the old rectory is bursting at the seams



Moving is the sensible option: Earls Farm in Somerset



Designed for partying: Hamptons, near Hadlow in Kent

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PROPERTY / GARDENING

GARDENING

# Spring rites and wrongs

Mother nature benefits from the ritual spreading of fertilisers, says an unrepentant Robin Lane Fox

The drama of spring is unfolding, mother nature is rising from the dead and I cannot help remembering the interpretation of the late Sir James Frazer in his classic book, *The Golden Bough*.

Every year, Frazer argued, the "annual spectacle" of flowers and greenery returning to life stirred the minds of primitive men into a combination of fear and participation. The sight of sudden new growth reminded our ancestors how their own lives depended on the process for success or extinction. The world over, such "savages" began to engage in rituals which, Sir James believed, were their means of assisting the yearly rites of spring to occur successfully.

Frazer himself had no experience of savages; he was also too busy in confining the magical rituals of springtime to primitive people, a class, he believed, of lower intelligence.

Every year, I and other gardeners with plenty of brain-power go out on to the land and engage in rituals which others now dismiss as misplaced activity. I scatter the dried blood of farm animals round the roots of my evergreen hedges and I put the powder of their scrunched bones in places where I want to grow top-class flowers. Every spring, we feed the fields and scatter: does it do any good?

Time and again, voices from the world of science have tried to dissuade gardeners from habits their savage minds believe to be essential. I have heard them tell me not to feed plants by spraying their leaves, not to stake trees with long tree-stakes, not to bother with artificial fertilisers, not to water plants in the drought and even not to dig the ground at all. If I had listened to them, I would have even more trees whose trunks are bent, many fewer phloxes and much less greenery on the ground.

There are some processes we know work because we see the difference. They can say what they

like about garden fertilisers, but I have seen the different impact in parts of the same bed or the same crop and this Easter weekend I will be indulging in my usual primitive ritual, fertilising far and wide.

The problem is not whether to fertilise but how to do it. I am guided by the convictions of expert gardeners whose results I admire. Healthy hedges and evergreens are very important to landscape gardeners and some of the best recommend that we feed them with nothing more complicated than dried blood. Dried blood is activated by rainfall and is quickly absorbed as a high source of nitrogen. It is still cheap at about £3 a kg in most garden centres and as the nitrogen count is 15 it is pretty punchy. Hedges need repeated dressings at six-week intervals during the growing season, but you need to remember that dried blood will not be effective if the weather itself has dried up.

Plants cannot eat and rely on their fertilizer being released and diluted. Properly blooded hedges certainly grow faster than unblooded ones. Hedges of yew and box are all the better for a spring

## Every year, I and other gardeners go on to the land and engage in rituals others dismiss as misplaced activity

dressing from this weekend onwards.

Fertilising established beds, herbaceous borders and rose gardens is more controversial. One straightforward alternative is to fork in a general garden fertiliser such as Growmore, but remember that its elements are released very quickly and its proportion of nitrogen is urea-based and therefore quickly consumed. One dressing does not last a season.

A justly popular alternative is the balanced mixture of Vitax Q4 which is stronger in potash than nitrogen and is a very well-bal-



Feed your garden and Sissinghurst's splendours can be yours

Garden Picture Library

anced compound. I still use it, but it needs water to activate it and if springtime is very wet it will be dissipated long before mid-summer.

Nobody likes to keep on repeating the same chore and as a result, suppliers have brought gardeners the slow-release fertilisers preferred for many years by commercial growers.

The advantage of these brands is that they release their chemicals gradually and can last for an entire season. The most widely used is

a downpour in June or a great heat which sets it all off in a rush. The extra expense of this coated fertilizer is certainly worthwhile, but it is not necessarily the best bet for a very steady release throughout the ups and downs of the season.

The ideal substance which will cope with British weather has probably still to be invented. A promising alternative is the Nutra range of feeds which are widely used in the US but are not widely marketed in Britain. They are available from Greenacres, PO Box 1228, Iwer, Bucks (tel 01895-835235 or fax 01753-672906).

The point about the Nutra range is that the controlled release fertilisers are activated by soil microbes as well as by heat and water and will start to work at relatively low temperatures provided the soil has an adequate bacterial presence.

These fertilisers are probably as close as we have come to an all-weather long-lasting compound but they are not the cheapest. They cost £8 for 500g, but larger quantities are much cheaper and Greenacres offers special deals for bulk buys. The Nutra Allround Micro feed is my choice for this season and I will be scattering it on the ground from next weekend.

Is all this effort worth the time and money? I am not a Frazerian savage and I can only reiterate that

the difference between my miserable beds and my successful beds is closely related to the degree of chemical fertilizer I have devoted to them. Those who fail to feed their gardens have less impressive gardens as a result. On my stony acres you can see the difference as clearly as in any pair of pots or window boxes, one of which has been fed and the other has not.

The month of April is the perfect time to put the plants on drugs. Scatter fertilizer on top of any existing mulch or lightly-forked soil and leave the rain, heat and bacteria to bring you a little nearer the elusive Sissinghurst ideal.

Gardeners keen on the appliance of science may avail themselves of the soil analysis service provided by the Royal Horticultural Society (tel 01483-234234). This costs £15 per sample for RHS members, £20 for non-members. It is particularly suitable where an area has long been uncultivated; the pH will be determined and advice given on which fertilisers would be best for particular crops. Commercially available soil-testing kits and pH meters tend to be less reliable: one I have just tested gave the same reading for three separately treated areas, one of which had contained buried (Saxxon) bodies. It also contradicted a Ministry of Agriculture analysis. CB.

ON THE MOVE GERALD CADOGAN

## Peace and prices go hand in hand

Civil harmony and a strong housing market are kith and kin. So Israel's property market is in a sorry state.

"We are in a slump," says Stanley Finkelstein of Anglo-Saxon, a Tel Aviv-based estate agent.

In Israel, where the Oslo agreement had the same cheery effect on property prices as the Good Friday agreement did in Northern Ireland, the situation is grim.

Four years ago, a few months before the assassination of prime minister Yitzhak Rabin, markets in Tel Aviv and Jerusalem were soaring. Since then, the collapse of the peace process has shattered confidence and prices have fallen between 15 and 25 per cent over the past two years, Finkelstein reports.

For the past two or three years developers have not started new projects and have cut prices on existing schemes to raise cash to meet repayments on their loans.

The direction of the market now depends on elections on May 17. In the meantime it is just possible that the market may be turning out of the slump, following the laws of supply and demand. "It is ironic, but prices are expected to rise because of the lack of building starts," says Finkelstein. Inquiries: Anglo-Saxon (00972-3-681 9245).

At Smallburgh near Wroxham in Norfolk The Old Rectory with six bedrooms and four acres is on offer from Bidwells in Norwich (01603-783889) for an attractive £295,000, to include an indoor swimming pool.

Edwardian edifice

Bedfordshire county council is the unlikely vendor of Nether Swell Manor in the Cotswolds. Set in 20 acres, the house is an imposing Edwardian edifice designed in an early 17th century style and elaborately decorated with a plethora of plaster mouldings by Marcel Boulanger, best known in London for the large saloon in the RAC in Pall Mall.

At Nether Swell the French plasterwork survives in the library, drawing room, morning room and billiards room, to give a good glimpse of the grand life before the first world war. In 1969, Luton borough council bought the house as a field studies centre, after which it passed to Bedfordshire - which closed the centre recently.

The terraced Edwardian garden also survives. Its highlight is a procession of statues of such learned worthies as Archimedes and Faraday. There are also four cottages in the grounds.

All this is now available for a suggested total of between £1.02m and £1.22m from the joint agents, Mouchel Property Services of County Hall, Bedford, and Hayman-Joyce in Moreton-in-Marsh (016078-651188).

### Anyone for floodlit tennis?

Georgian houses are always in demand, for the space, light and sense of well-being they provide. A prime example is Stretton Hall, a grand Georgian house in Cheshire, where property prices tend to be high.

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TRAVEL

# Who rules the top roosts?

Female managers reign on the London luxury circuit. Giles MacDonogh reports

London's hotel scene has changed in the past decade, and for the better. In the past we had a clutch of palace hotels which were correctly included among the world's greatest, a lot of impersonal chain hotels where the alienated automation apparently felt at home among the control panels and characterless artefacts of his room, and more or less suspicious bed and breakfasts housing guests ranging from poor country cousins and Australians on walk-about to awayday girls down in The Smoke to make a bit of cash on the side.

What London lacked was palatial small hotels, of the sort you can find easily in cities such as Paris, Vienna or Rome, where there is an abundance of redundant noblemen's residences just itching to be transformed into hotels.

There have been changes all round. A new category emerged in the 1980s. I would like to call them small luxury hotels, or baby grands, but for some reason they call themselves "town houses". I think this is an American term which plays on the rarity and grandeur of having a house in town under a single occupancy. British fidelity to home ownership makes a nonsense of it. It's just a house.

In 1991 there were six such hotels in the metropolis. Now there are 37. Their locations are sometimes strange to someone brought up in London. For example, The Franklin sits in the middle of a Knightsbridge terrace, in an area which used to be (and still is), posh and residential. Here you used to find the homes of the sort of people who migrated to big houses in the country at the slightest opportunity, and who would have been horrified to discover a hotel on their doorstep.

And yet the site is excellent; the streets here are the very best of London - quiet and leafy. Behind the hotel is a vast and well-tended garden used by all the residents of the terrace, as well as a colony of rabbits and squirrels. Inside there is the advantage of large Edwardian rooms. In that self-confident era before the fall, Georgian pokiness was banished from hearth and home.

Another possible advantage of these small luxury hotels is that unlike the larger establishments, many

are run by women. I went to The Franklin to meet four female general managers: Karen Marchant, who was on her home ground; Caroline King who runs The Milestone, a 19th century Germano-Dutch building opposite Kensington Palace; Rebecca Maxwell, who has the 12-room Sloane in Chelsea; and Angela Stoppani from The Leonard, a compilation of four Georgian houses tucked away behind Marble Arch.

When the largest of the four hotels has just 57 rooms and suites the manager becomes a person of flesh and blood, not just a name on a welcome card tucked into a bowl of fruit (or not - as is often the case).

Marchant told me that her guests often unnecessarily informed her when they were getting back that evening, and women who stay in the hotels tend to spill out the contents of their shopping bags to show her what they have acquired from Harrods or Harvey Nichols that day. You would not do that to the concierge at Claridges.

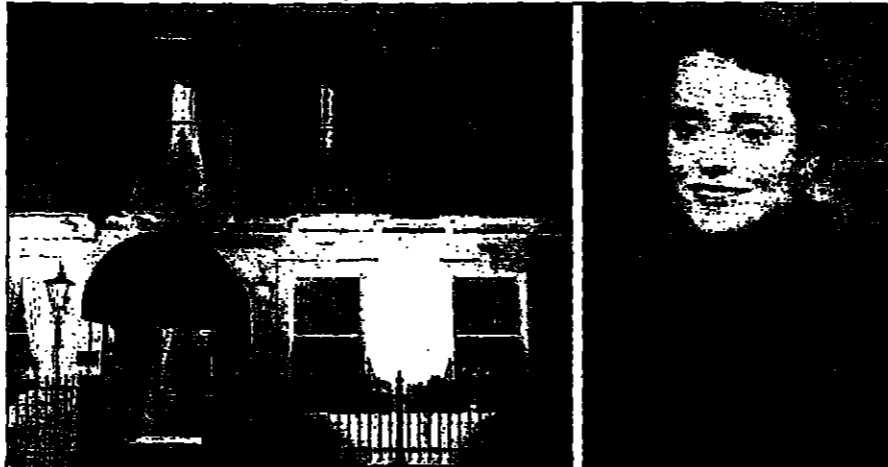
The feminine touch manifests itself in various ways. At The Milestone guests are provided with hot water bottles - a service I have only encountered once before, in Darjeeling. The splendid interior designs and fabrics used at The Sloane are all on sale. Guests can, if they wish, ship home a virtual replica of their bedroom.

Women, my hostesses maintained, have a better eye for detail than men. Flowers were used impulsively. If a guest looked unhappy or unduly stressed a bouquet was sent up to his or her room. Marchant puts women travelling alone in rooms filled with orchids, and men into ones decorated with tartans. Several times she has learned that the men were unhappy to be deprived of the flowers. She has learned from this error. "Women," says Marchant, "have fewer problems admitting their mistakes."

A real personal service accounts for the number of high-profile guests. There is no press office, so - they say - there is no temptation to divulge names to the papers. Small size also means a tighter control of the reins. The larger hotels are infested with prostitutes, not these. I was reminded of the



Townhouse hotels in the streets of London and their managers: Caroline King at The Milestone



... Angela Stoppani at The Leonard



... Karen Marchant at The Franklin



... Rebecca Maxwell at The Sloane

time I took a heavy-smoking female friend to a wine-tasting dinner in one of London's best hotels. Between courses she nipped out to the lobby to light up. On the first occasion a man propositioned her. On the second a member of the hotel staff asked her to leave. This would not be likely at a smaller hotel.

The chief reason for preferring a little luxury hotel, run by women or men, is that most of the larger hotels have become increasingly impersonal.

Systems reign from the instant they swipe your credit card to the moment they charge you heavily for a morning cup of tea because the "continental breakfast" has been severed from the room rate and made an optional "extra". Before long all discerning guests will have voted with their feet.

And it won't be before time.

- *The Franklin, 28 Egerton Gardens, London SW3 (0171-594 5333)*
- *The Milestone, 1 Kensington Court, London W8 (0171-917 1000)*
- *The Leonard, 15 Seymour Street, W1 (0171-985 2010)*
- *The Sloane, 29 Drycourt Place, SW3 (0171-581 5757)*

(These hotels charge from £130 to £160 for a double room.)

# Distant memories were never made of this

Sarah Murray's visit to Nha Trang was a far cry from her previous stay

A dark grey typhoon is descending across the southern Vietnamese coast at roughly the same speed with which our ATR-72 is hurtling towards Nha Trang's tiny airport.

Palms bend beneath the wind and driving rain and through the filthy windows of the aircraft, I'm straining my eyes to catch a glimpse of the town. I visited briefly 10 years ago on a trawl through what was then a very different Vietnam.

The clusters of fishing boats and the mouldy plaster walls of old French buildings look familiar enough. The grand parade along the beach front stirs something in the deeper recesses of my fading memories.

But when, in the foyer of my hotel, I am handed a glass of chilled guava juice and asked what time I would like my massage, I begin to realise that some things have changed beyond recognition. The helpful attendant in a beautiful raw silk outfit showing me my room - one of the Ana Mandara resort's "deluxe seaview villas" - drives the point home more forcefully.

I have a large suite with a terrace looking out on to the now stormy sea. It is splendid accommodation, simply appointed in natural colours with cool tiles underfoot and kitted out with *objets* - huge Chinese paper umbrellas, great terracotta urns and gilded Buddha statues - that seem so appropriate to a sojourn in the orient.

A vast bed is draped with mosquito nets which are redundant (the air-conditioning can be turned to a level that will refrigerate even the most enthusiastic beast into dull inaction) but extremely romantic and even the television set is cleverly concealed within an antique Chinese cabinet.

Lying on the bed, the relentless drone of the aircraft's engine still ringing in my head, I search my mind desperately for a memory of the establishment that lodged me on my first trip to Nha Trang.

Above me is a chue - an antique fan that provides a welcome alternative to the air-conditioning. But there the resemblance ends. While the fan here is a beautifully restored Italian model dating from the colonial era, the 1970s contraption I encountered 10 years ago was antique only in the sense that it was coated in layers of dirt and, in its futile efforts to beat the hot air about, emitted a noise not unlike the grinding engine of the aircraft that brought me here today.

No smiling young men in raw silk shirts beck then. Ten years ago, having finally found somewhere that vaguely resembled a hotel, I was greeted by a stern looking woman who didn't



Sunlit sands stretch forever: the beach at Nha Trang Sarah Murray

seem keen on me staying there at all. But then, as a shopkeeper had explained to me earlier that day, Vietnamese could be arrested in the street if they were caught talking to foreigners, so it was hardly surprising that they didn't want them in their hotels.

After indicating my availability of cash and desire to sleep, I was reluctantly admitted to the establishment and handed over the princely sum of 10,000 dong (then worth about one dollar). This entitled me to a night's accommodation in what turned out to be a vast dormitory room in which the only other occupants were

**'I'm settling down to the serious business of relaxing - a stroll on the beach, a swim in the pool, even tennis'**

about 20 empty beds and the filthy fan. It was then that an expression of calm serenity. But while the statue is still here, so is the sad collection of beggars and children selling postcards at its base. The selection has improved but not the sales technique - emotional blackmail that leaves me first resentful and then guilt-ridden. For some, it seems, life has changed little.

Back at the beach, the sand stretches forever. The developers may be moving in but the place retains the atmosphere of a sleepy seaside town.

The storm is lifting and I sit down at a beachside bar to order a "safe den", the fiendishly strong black coffee that Vietnamese seem to be addicted to.

Just how I was expected to steal a ceiling fan or one of the 20 iron beds in my Nha Trang room I'm not sure. The tartan vacuum flask from China could have been viewed as potential booty, but its chipped and grubby state hardly made it the most appealing prize. Nevertheless, after much pointing and grunting, we filled in the form and my hostess withdrew contented.

With few such trials confronting me here at the Ana Mandara, I'm settling down to the serious business of relaxing - a stroll on the resort's private beach, perhaps, a swim in the pool or even a game of tennis. They all seem appealing prospects until I realise that, with only a couple of days here, I should get out and discover how much remains of the city I visited in 1989.

This, it turns out, is quite a lot. The march of progress through Nha Trang appears to have been more of a slow shuffle. New hotels and resorts are evidence of the foreign tourists that have by all accounts been flocking to what many claim are "the best beaches in Asia" but the typhoon has driven them off and the soggy town left in its wake looks not unlike the one I travelled through 10 years ago.

I leave the dishevelled bands of locals who have gathered to watch the storm and cycle out to the Long Son Pagoda. Here the giant white Buddha continues to gaze down on the town with an expression of calm serenity. But while the statue is still here, so is the sad collection of beggars and children selling postcards at its base. The selection has improved but not the sales technique - emotional blackmail that leaves me first resentful and then guilt-ridden. For some, it seems, life has changed little.

Back at the beach, the sand stretches forever. The developers may be moving in but the place retains the atmosphere of a sleepy seaside town.

The storm is lifting and I sit down at a beachside bar to order a "safe den", the fiendishly strong black coffee that Vietnamese seem to be addicted to.

As the caffeine starts to take effect, a ray of sunlight breaks through the clouds and floods across the wide bay dotted with small islands. Children are playing on the sand, a gentle breeze rustles through the palms and I remember what it was I loved about Nha Trang.

■ *The Ana Mandara Resort can be contacted on 01296-660800 or on its web site at <http://somewa-pazillon.com>*

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TRAVEL

TWIN CITIES

# Linked by name – not by nature

In the latest in an occasional series, Adam Hopkins visits Lincoln in England and Lincoln, Massachusetts

A glance at the map of the US city of Boston and its environs throws up so many English place-names you could easily imagine you were back in Blighty: Boston itself; Weymouth and Braintree; Needham and Dedham; Chelsea and Cambridge; Woburn and Winchester and on towards infinity.

But tiny Lincoln, population 5,000, just out beyond Boston's western boundary, has extra interest. For of all the many Lincolns in the US it is the only one that is actually called after Lincoln, England, rather than good old craggy Abraham.

Incorporated as a town in 1754, mainly on land carved out of neighbouring Concord, it was given its name by local bigwig Chambers Russell, whose ancestors were from the English county of Lincolnshire: doffing his cap, by means of place-name, to the representatives of British power just 21 years before the American revolution threw them out – with much dramatic action, some in Lincoln.

It was there that Paul Revere, on that moonlit night of April 18, 1775, riding for Concord to warn of the approach of British troops, was captured by a British advance party, leaving his companion, Dr Prescott, to ride on and deliver the message.

It was across the northern reaches of Lincoln that British troops, panicked into flight in the encounter in Concord, fought their ragged rearguard action back to Boston, along what is now known as Battle Road.

There is a National Historic Park centre where all is explained in a multi-media action replay. The British lost eight men at Bloody Angle, on a modest deviation in the road, and it was local woman May Hartwell, seeing some of the bodies go past in an ox-cart, who insisted on decent burial, following them to the Lincoln cemetery where they

still lie, celebrated each spring in a little ceremony which brings the English interest and the Yankees back together.

It was long before all that. In 1636 or 1637, that Thomas Flint first settled there. Warren Flint, now in his 80s, occupies the same tract of land – the ninth Flint in local residence.

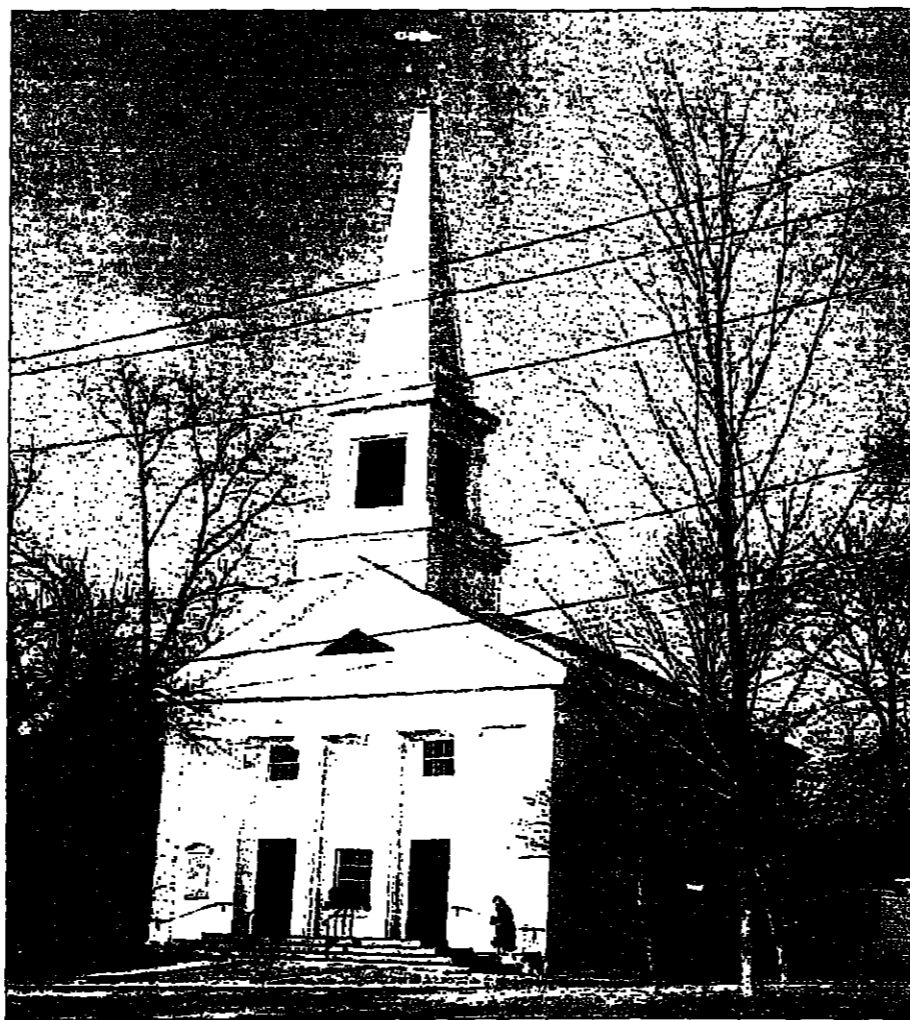
Sitting in front of a log fire in his clapboard house, he looks over the valley where Belted Galways still graze, although dairy farming ceased there 35 years ago. "One of the saddest days of my life," says Flint. He speaks of the first minister of the local church, way back in the 1760s, as if of a recently retired contemporary: "Yes, yes, he was a good man, we were lucky to have him."

The past is all around. Warren Flint has been one of the foremost spirits in Lincoln's campaign of recent decades to preserve its open spaces and maintain at least the visual fabric of the former countryside: right there on the city's edge, hard-pressed by development, and industry and cruel skeins of major road.

Rich in bequests of land from the wills of public-spirited deceased, taking over landed estates whenever it can buy them and insisting that house plots shall be two whole acres. Lincoln has retained so much open space that it has become much-studied by other US towns which wish to do the same.

Lincoln does not salt its roads in winter any more than it has to and it actually preserves pot-holes. People go at weekends to hike there, up and down among the slopes and dips, skirting the lakes or "ponds" and stumbling over the erratic boulders deposited by the Ice Age.

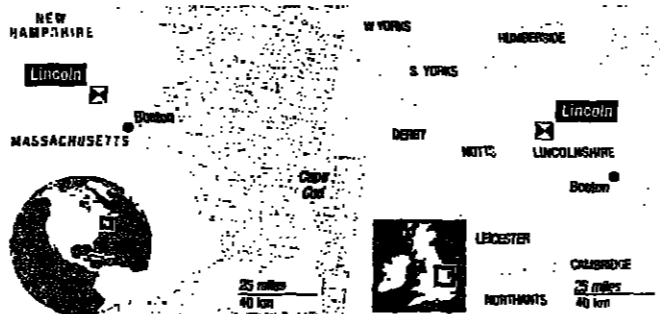
It is rougher countryside than it is tree. But it is also, as a rustic getaway so close to Boston, one of the wealthiest communi-



Left: Lincoln, Massachusetts, a place for those who enjoy their privacy and independence and (right) Lincoln, England, where they still like a jolly joust



Adam Hopkins/Visual Images of Travel UK



General information

- Adam Hopkins travelled with American Airlines which flies three times daily from London to Boston. This month mid-week tickets costs from £244.80 return including tax. Tel: 0345-789789.
- Car hire in the US was by Holiday Autos, world-wide car hire brokers. One week in the US costs from £169 fully inclusive, tel: 0990 300411.
- For further information in the UK call Massachusetts Office of Travel and Tourism: 0171-979 7423.
- The Lincoln, England, tourist information centre is at 9 Castle Hill, LN1 3M. Tel: 01522-629626.

ties on America's eastern seaboard, settled nowadays by professors, engineers and doctors, computer men and management consultants, from Harvard and MIT, from teaching hospitals and ultra-modern offices: those local factories of learning and invention.

Walter Gropius, teaching at Harvard, lived in Lincoln from the 1930s, building a modest but intriguingly different kind of house in an international modern style, open to the public and well worth the visit. It proved a great surprise to neighbours.

But some of today's new residents cause greater problems, helping drive out what economic diversity remains, by buying the few remaining smaller houses, then tearing them down to build huge mansions on the two-acre plots. Local people with a social conscience – there are many –

get furious about this. Dense woods have grown again in a countryside once denuded of its timber – firewood for Boston, open space for farming – and, as you drive, the enormous houses, ancient and modern, in brick and clapboard, with columns and balconies, verandas and dormer windows, seem like mighty galleons glimpsed through a sea-spray of leaf and branch.

Equally, it is an understated kind of place where wealth is definitely not on display in terms of clothes, or cars or even bearing, and fame – as well as any kind of notoriety – is much to be avoided. There is not even a pub, for this is a dry town and resolutely so.

"It's not for everyone," says local historian Jack Maclean. "It's a place for people who enjoy their privacy and independence." All of which makes Lincoln,

Massachusetts, about as different as can be from Lincoln, England, which is a most ordinary, ungrand, communally-minded kind of place, with an all-labour council, every seat, and a past of industrial manufacture as well as agriculture, plus lots of local RAF personnel.

The only worry is the apparent social discrepancy between the people who live at the top of the hill, around the cathedral, and the folk who occupy the land below. The city certainly has its history, rather longer than that of Lincoln, Massachusetts, with Celtic settlement and Roman occupation.

St Hugh the Great of Lincoln (French-born but what the heck) and St Hugh the Little (child martyr in an anti-Semitic tale) were local products, along with Bishop Grosseteste (Bighead?), first chancellor of Oxford Univer-

sity; and Catherine Swynford who married John of Gaunt, making him Chaucer's brother-in-law. Then there is the visceral tomb of Eleanor of Aquitaine, who died nearby (the rest of her went to London), and memories of the poet Alfred Tennyson, as well as some colourful ecclesiastical wrangles in modern days.

Above all, Lincoln has its medieval cathedral. Some maintain it is the finest in all England, excluding not even Durham. There it stands on the crest of the hill, where the land rises abruptly above the plains that flank the southern side of town, majestic in three-towered, limestone angularity, all pinnacles and decorative flourishes, and equally wonderful within, with fine medieval glass, oak pinnacles of choir stall, and soaring stone galore.

You cannot do much else but

fall for it. This makes the little city a great place for a day out at any time of year, but with a special fillip in December. Then there is an absolutely outstanding Advent market swirling around the cathedral and the adjacent castle and the Lawn, the one-time lunatic asylum, once run by the Rev. Dr Willis, who treated King George for his madness. It is now a cultural centre.

There are good restaurants on Steep Hill, which links the upper and the lower towns and all manner of good pubs including my own favourite, the Morning Star in Eastgate, with nary a juke box, darts or anything – except good beer and conversation.

How do they get along, you may wonder, without all this in Lincoln, Massachusetts? Well, the answer is they don't, not in the same way. But they practise Athenian-style democracy, with a town meeting every year, for everyone, to decide on policy. They have a big parade on July 4. And they meet at church and in the library and at the shopping centre.

They drive between these venues in large but modest cars with modest clothes on, looking rather intellectual. And yes, on yes, on Saturdays they meet at the town dump, to which all householders convey their refuse personally. It is, you understand, a very different kind of place from Lincoln, England.

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SKIING

# A boy racer still kicking at 80

Arnie Wilson heads for the slopes with acclaimed photographer Werner Braun

He could have been staring out across Sinai. At the top of Corvatch, Werner Braun, his ancient blue eyes screwed up against the sun, gazed across in wonder at the remarkable scenery and said: "Look how beautiful it is. What a fool Moses was not to come to St Moritz instead of Israel."

Werner, who has spent the last half century or so in Jerusalem, where he became a celebrated photographer (he was the official photographer at Adolf Eichmann's trial for war crimes) is 80 years old, with a mop of silver hair still flecked with black.

He had hardly changed since our last meeting, in the Soviet Union. It was 22 years ago, when we shared a room in a cosmonauts' barracks, hastily converted into a hotel, during an international ski journalists gathering in the Caucasus.

I remember throwing open the door to find a grey-haired man doing press-ups on his bed. It was a place called Bakurliani. I think that is how you spell it, but since I cannot find it on any map, I cannot be certain. The ski-lifts were ancient and dropped oil on us. Sometimes the lift in front of you would start going backwards down the cable towards you as you were riding up behind it. With hindsight, it is surprising that there were no injuries.

I had only recently learnt to ski, and, unfortunately, my two-metre Polish skis had no edges, so when the slalom race was held, in spite of a promising start, I careered straight into one of the gates.

Werner, on the other hand, a cunning old fox of 58 – I note from my writings at the time that I referred to him as my elderly Israeli room-mate – skied the course slowly but purposefully, successfully reaching the finishing line. It was an early lesson for me in the pitfalls of ski-

ing arrogance. Now, in 1999, Werner tucked in behind me on his brand new carving skis as we began our descent from Corvatch, eyeing me shrewdly.

I noticed that his technique was still a little ragged, but he skied strongly, like a Swiss farmer who had never bothered to have lessons. I paused for him to catch his breath, but he scarcely needed it. "You ski better than you did in Russia," he said stoically.

For dinner that night at the five-star Kulm – the oldest and most venerable hotel in town – I had to find Werner a tie. "I haven't owned a tie for 30 years," he complained. Even so, he had a useful stab at tying it himself. It was only by chance that he had a jacket. His young second wife, Anat, unable to ski with him since injuring a cartilage a couple of years ago in Zermatt – had packed it for him at the last moment. "I won't need it," he had said stubbornly.

It was only last summer that I had tracked him down. I am a hoarder of skiing memorabilia. Trying to get my collection into some kind of order, I had rummaged through my Bakurliani bits and pieces and re-read my account of an amusing incident in Moscow. Having been showered with mainly useless gifts by our generous Georgian hosts, I had caused a scene at the airport when I refused to pay 76 roubles in excess baggage.

I had cheerfully dumped most of the gifts on the floor, drunk the vodka and then put on lots of extra clothing to lighten the weight of my suitcase. I hung on to my money – and caught the flight.

Leading through my typed notes, I found a huge postcard from Werner of the Red Sea (his photographs were used on Israeli postage stamps and phone cards).

Out of curiosity, I telephoned international inquiries and was given a telephone number for a W. Braun. To my delight I discovered that Werner was not only still very much alive and kicking, but made a habit of skiing every year in Switzerland.



Photographer Werner Braun is still enjoying the slopes

But over *consommée aux fagottini de Parme, risotto aux champignons des bois and magret de canette à l'orange*, he told me how he was once mistaken for his even more famous namesake.

"I had gone to Texas to give a lecture," he said. "We had visited Mexico and returned to pick up our mail. During a visit to the laundrette, someone saw us opening our letters and got very excited. Mr Von Braun," she said, "you're in the local paper today. We brought a copy, and there was a headline saying: 'Werner von Braun visits Texas'. Someone at the post office had tipped off the press."

The next day Werner drove us to Pontresina in his rented Ford Escort. "I wish I had a car like this at home," he said. "I have an old VW

camper with about 200,000 km on the clock. It uses too much fuel.

"And it has power steering – it needs a lot of my power to turn the steering wheel. I am waiting for my father-in-law to give me his car. He promised it to me, but he doesn't mention it any more." When we reached Diavolezza, Werner became increasingly interested in his Avocet watch, which, among other things, measures the number of runs and vertical feet skied each day. It is also a stopwatch.

Throughout the day, he quizzed me constantly about our progress. "Twenty thousand vertical feet? That's two-thirds of an Everest. But when are you English going to stop using feet? These skis are so fast," he added. "Never have I skied so well. Last year I skied non-stop from the top of Diavolezza in 12 minutes. Will you time me on my new skis?"

So, with me like a police outrider, I pressed the stopwatch and we were off. Not even a chain of slow-moving novices along a narrow stretch of path could put him off his stride as – slightly recklessly – Werner zigzagged past them. Near the bottom, I skied past him, ready to hit the stop-watch button again as he raced past the finish line.

"Nine minutes dead," I shouted. His face lit up. "How's that for chutzpah?" he grinned. After breakfast, on our last morning, we allowed ourselves a big bear hug. It had been too long. Already we are making plans to ski together next year.

Arnie Wilson's visit to St Moritz was organised by Elegant Resorts, The Old Palace, Chester CH1 1RB. Tel: 01244 897333. The company specialises in luxury hotels in major resorts. He flew to Zurich with British Airways, and travelled by train to St Moritz via Chur.

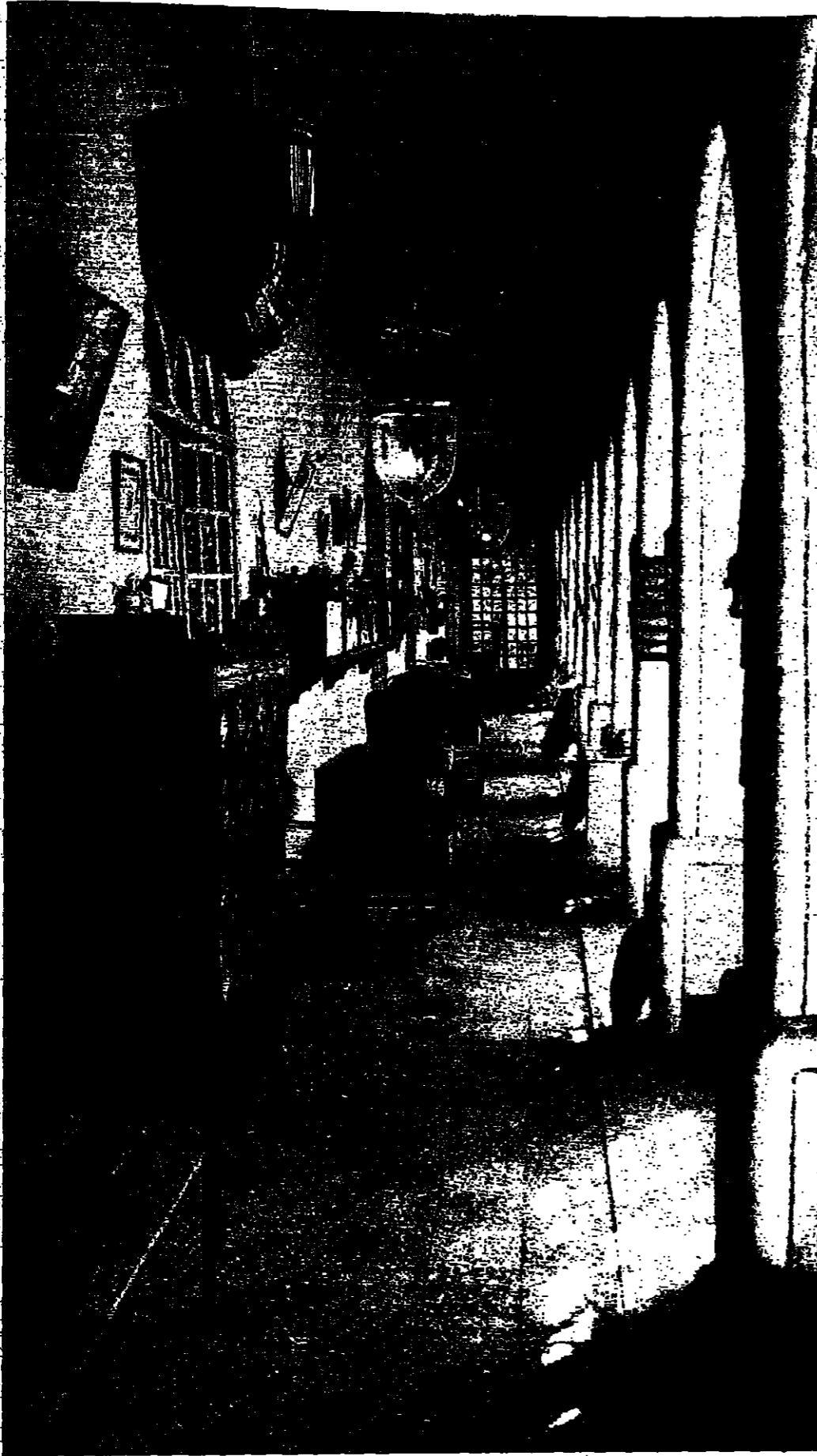
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TRAVEL

# Pockets of elegance

Amar Grover visits stylish mansions and houses which are remnants of the place once known as golden Goa



Corridor of history: Salvador Costa House in Loutolim, a good example of a fine old Goan home

Teresa Colaco led me through an enclosed porch, down the hall, past her dining room and into a small chapel. Candles flickered by the altar and godly vignettes hung on the walls. "There," she indicated a small dressed statue, "is Our Lady." Her nephew Anthony picked up the story.

One July in the late 1700s, José Bernardo Colaco, ancestor and judge, braved a monsoonal Arabian Sea and sailed home down the coast to Goa. The voyage nearly claimed his life. Shipwrecked, he spent days bumped by flogs near the Mandovi River's mouth.

The place which buoyed both body and soul proved to be Our Lady. José vowed to pray for 15 days on his return. Word spread, hundreds came and it climaxed in a feast. Even today at Colaco House in Ribandar, midway between Old Goa and Panjim, the fortnight ending August 15 remains singularly pious.

In its 17th century heyday, this Portuguese colony was known as Goa Dourada, Golden Goa. Asia's largest city thrived on trade, sworn by the bible and - intemperately - entertained decadently. A desperate Portuguese king dispatched Jesuit missionaries to damp the excess. Old Goa's blinding whitewashed churches pay homage to that era of confession and conversion.

The colonials may have been on God's side but fate wasn't on theirs and the colony's prospects ebbed into this century. Pockets of old-world elegance and style linger not so much in Old Goa but in a scattering of houses and mansions. Nocturnal got the better of me.

At times it seemed I had wandered into a Garcia Marquez novel transposed to the Malabar coast. At Colaco House, a maroon villa with Gothic windows and long verandahs, I heard of Joao and Nazario Colaco, who built its west wing, complete with private chapel, in 1745. José, the shipwreck survivor, resumed a spirited life by adding a ballroom and minstrel's gallery in 1826. It was Nazario Colaco II, ennobled by King Carlos, who really sealed its pedigree and Solar (Manor House) dos Colacos was born.

The dining room seats 20 amid uncluttered elegance. A cool Mandovi River glides past the garden and I gazed out beyond its private jetty at fishing skiffs as a breeze rustled the palms.

It was wealthy Goan families who ran the colonial service and, in the main, built such appealing homes. They preferred the country and their finest are dotted mainly across south Goa's lush hills and valleys. European styles fused with local materials and eclectic furnishings; many have elongated verandahs and distinctive porches with integral stone benches. Largest windows, wrought-iron balustrades and pastel facades are typical.

Mario Miranda lent some perspective to what seems idyllic. I was standing in Casa dos Mirandos, Loutolim, one of the finest Goan homes. "Turn your back," he exclaimed "and pictures,

We moved to an inside courtyard edged by a tiled verandah and planters' chairs. Mario swung open crimson doors and I entered their private chapel. Frescos gleamed in the soft light and a peculiar pair of clay forearms with little grooves for relics stood upright on the altar. They were discovered while clearing out the back, and visitors always remarked on them.

Nearby lies Margao, Goa's second town, with a clutch of old houses centred around the Church of the Holy Spirit. I walked up the Ponda road and stood before "Seven Gables". This, perhaps, is the most imposing residence of all, a copper facade offset by white pilasters, fleur-de-lis mouldings and cornices. Though just three of the seven gables remain, Justice Dr Enrico da Silva's family is the ninth generation to live there. Begun in about 1790 by Sebas-

among poor tenants and farmers; with a much reduced income many family seats edged into decline. Some, sadly, rotted. Chandor's Ferreira Braganza/Menezes Braganza mansion, parts of which are 400 years old, is a notable survivor.

It is probably Goa's longest house, both wings built and expanded for two Braganza sons. Neither produced male heirs so sons-in-law were recruited. By adopting the "Braganza" name, they propped up the lineage - and just about kept up the roof. I first visited the east wing, a strange mix of Belgian chandeliers, marble floors and rumel-stained walls. There are lacquered monogrammed chairs, turtle shells and weaver bird nests. The most bizarre item related to St Francis Xavier, one of the king's 16th century vice squad. His gold-and-diamond encrusted fingernail used to be kept in a chapel casket but now resides in a bank vault.

It is the west wing, occupied by the sprightly Aida de Menezes Braganza, which really steals the show. She has just finished a complete restoration and the place sparkles. Hers was a politically restless family who irked the Portuguese; the house was nearly requisitioned for their troops. They fled to Bangalore, disappeared in 1961 and returned years later to find listless servants had barely kept it going.

"It's a liability, really," said Aida as we moved from hall to hall, "but my son will return here from Brazil to retire." She showed me Chinese jewellery boxes and Japanese porcelain, paintings on glass and a rosewood palanquin. Thousands of books collected by her grandfather are more problematic, worms having had their fill. She did not, of course, recall my first fleeting visit in 1995 but beamed as I registered the difference. A great survivor indeed.

**Amar Grover travelled to Goa courtesy of Inspirations Holidays 01293-820207.**

**House hunting:** In most cases you must make an appointment. Do not telephone or expect to visit in the afternoon. Only the Chandor house is open for visits during the day, the east wing more reliably than the west. For the latter, contact Aida de Menezes Braganza on +91 832 78420.

## Liberation from Portuguese rule augured difficulties for the gentry. Land and plantations were confiscated and redistributed among the peasants

frames and all can crumble on the walls." Termites - the most feared of an army of voracious insects - have allies in mildew, mould and monsoonal damp. When he mentioned monkeys, I wondered quaintly if the rascals swung by to filch food or ornaments. "No, they crash down on our roof from trees and sometimes break tiles."

It was fitting he mentioned pictures for Mario is a well-known cartoonist. Signed works by, among others, Schulz, Giles and Jak hang amid posters, paintings and sketches. There was no formal artistic training: "As a boy, I'd draw on anything, even some of these walls..." To save their decor his parents bought paper and he never looked back. He had spent years in Hampstead, north London, but recently returned from Bombay - the house needed attention and weekends were not enough.

This double-storey mansion boasts a ballroom, banqueting hall and airy salons with trellised ceilings. The Mirandas occasionally host poetry readings and one day there may be an art gallery.

tiao da Silva, chief secretary to the Portuguese Viceroy, it was intended to accommodate four families; today's extant wings are shared between two. One of Goa's first private chapels, a lofty baroque ensemble, lies mid-way up the stairs and is still used by the da Silvas for mass, christenings and marriages.

The main marble-floored salon is a striking confection of rosewood furniture, gilt mirrors and immaculate oyster shell French windows. The use of oyster shells, nacre, is peculiar to Goa, with thin vertical strips set in a wooden frame, but few survive today. Enrico flung them open to the rude roar of traffic. "Goa's changed..." he lamented, "once we left the door unlocked by mistake - a thief grabbed things from our chapel." Clearly it still rankled. Nor is there funding for restoration or repairs. "It's all talk in India," he shrugged, "nothing gets done."

But drastic things were done in 1961. Liberation from Portuguese rule augured difficulties for the gentry. Land and plantations were confiscated, distributed

# The fish that didn't get away

Nick Haslam discovers the riches of the Amhem land fishing areas of Australia's Northern Territories

Messrs Lee, Kam and Lee stood hunched and intent by the gunnels. The full force of the tropical rain had flattened the sea, making us the centre of a grey hissing world about 30ft wide but the three businessmen from Brunel were oblivious.

These men lived to fish and scattered around them on the boat, was some of the best equipment money can buy. They had even brought Wong Kor Chuan, a fishing journalist from Malaysia, to write up their exploits in his magazine. Crouching as close as I could to the shelter of the cuddy, I was conscious that rainwater was streaming down the inside of my waterproofs as well as cascading off the hood. At least it was warm.

Wong, drenched and grinning indefatigably, waved from the stern. "Like home for you no?" he shouted above the roar of the deluge. I smiled weakly, and then with a shrill scream, the reel of my rod seemed to acquire a life of its own. I had hooked a fish, and a big one at that. Striking hard, I felt the butt of the rod strike against my stomach and heard Wong shout: "Relax, relax! Let the fish tire itself."

We were about as far north in Australia as you could go without passing customs, fishing in the wide harbour of Gove, on the north east coast of Arnhem Land. So far from anywhere, in fact,

that the town could only be accessed by aircraft during the wet season, and the waters off its coast - which boom with marine life, fished by the most dedicated of fishermen.

Under collective expert guidance, after a short struggle I landed a beautiful 10lb slaty bream, with which I was duly photographed by the still smiling Wong. "You had good luck," he said charitably. "Not luck but skill." I returned, tongue in cheek. Was there a sudden hiss of fury above the roar of the rain?

As a mere beginner I had, I realised, caught the biggest fish of the day. Fishermen of long experience like these expert Chinese might just take such a jibe to heart. "Perhaps," said Wong, a trifle testily, pecking away his rod. "Perhaps you share your skill with us next time." That night, back at the Walkabout Hotel in Gove some of the best fish we had caught, including my bream, were served, cooked expertly by the chef. Politely, my new friends drank a toast to my skill, and then my good luck. Next day they were flying to Darwin in the quest of that fierce fighting fish, the barramundi, despite the impending arrival of a cyclone.

Wouldn't it, I wondered, be easier to fish nearer home? "No," said Lee decisively, "here it is best." Next day, the rain held off,

## General information

- Nick Haslam flew Air West from Heathrow, landing in Darwin on 11/04/99. Darwin is 10,000km from London. Darwin is 10,000km from London. Darwin is 10,000km from London.
- The day trip was provided by the Northern Territory Government. The day trip was provided by the Northern Territory Government. The day trip was provided by the Northern Territory Government.
- He stayed at the Walkabout Hotel, Gove, Northern Territory. He stayed at the Walkabout Hotel, Gove, Northern Territory. He stayed at the Walkabout Hotel, Gove, Northern Territory.
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and under a cloudy sky I went out with skipper Russell Butel alone in his launch. Butel, originally from Sydney, had worked in the bauxite mine at Gove, and had one day gone scuba diving on a reef not far offshore.

"I saw more fish here than I'd seen anywhere else," he said, as we sped past the bauxite jetty, heading up the Bat featureless coast. He had first run a diving company, and then gone into sport fishing.

An hour out of port, we came into the lee of Brunel Island, and Butel expertly baited lines with squid. Drifting down wind, I felt the weight bouncing off the bot-

tom and within minutes the line gave a fierce kick. Winding in, this time the butt secured in a special belt, the rod bucked as a crimson striped 5lb Red Emperor, came over the gunnels.

"They call these the Government Bream here, because the red and white resemble the old calico convict uniforms," said Russell. The rule of the boat was one fish per fisherman, and so the Red Emperor was consigned to a tank of sea water for supper at the hotel.

We fished on for the morning, pulling in and returning to the sea a wide range of fish, with names as exotic as their bright



A fisherman displays his catch from the teeming waters off Arnhem Land

colours, from a 6lb Grassy Sweet Lips, to a Papan Jawfish, with gaping mouth and bulging eyes.

At luncheon, anchored in the lee of the island, huge squalls of wind and rain raced past on their way to the mainland. Silhouetted against the golden sand of the beach, I saw the prehistoric shape of a black figure, spear in hand, wade out into the shallows. "The Yungu people," said Russell. "About ten or so live on Brunel, and they go spear fishing at low water." He told me that most of the coast we could see belonged to the Aboriginal people.

That afternoon, Butel anchored in a favourite fishing spot suggesting I try lighter tackle, and almost immediately I hooked the biggest fish I had caught so far. With only 12lb breaking strain on the line, I learnt to play my catch, easing out on the rush and reeling in when the rod went slack. In ten minutes of hard fighting I had landed a lovely Gold Spot Trevally, weighing in at 14lb.

The last cast though jolted me out of any smugness. The rod leapt in its holder, reel hissing as the line raced out. "You've got the cod," shouted Butel, as with legs braced I leaned back, keeping the tip of the rod as high as I

could. But this fish was an old and wily friend of Butel's. The huge proper, which he said weighed in at a mere 132lb (60kg) gave a token tug which nearly pulled my arms from their sockets and then casually swam off, snapping the light line.

"I often go diving here and when I do, he lets me take the hooks out of him," said Butel. Mentally shuddering at the thought of being anywhere near such a monster, which would have a girth of at least half a yard, I packed away the rods, as with the wind behind us, we sped home across the grey sea for supper.

The only oddity, invisible to the innocent, was her decision to call in a well-known feng shui Master, Patrick Wong, to go through the 60 bedrooms and suites - all decorated differently - looking for bad vibrations and the best orientation for beds, mirrors and objects. "Voodoo? No, said the elegant Grace. "Just commonsense." In this game, you cannot afford to take chances.

If there was one mistake, it was the ubiquitous paintings of the late Boris Pastoukhoff who, in the 1930s, paid for his bed-nights at the Lancaster in canvas, and was even commissioned by Hollywood stars. But then art is, much like wallpaper, as I am sure dear Oscar would have agreed: a matter of taste.

**Lancaster Hotel, 7 rue de Berri, Champs-Élysées, 75008 Paris.** Single rooms FFY1,650-1,930; double/queen FFY2,350 to FFY2,550; FFY2,750; suites FFY3,000-10,000. Breakfast FFY120. Tel: +33 1 40 76 40 76; fax 40 00; www.hotel-lancaster.fr; e-mail pippa@hotel-lancaster.fr.

Oscar Wilde is supposed to have saved his last gasp for a denunciation of the wallpaper in his Paris hotel room. Fanciful he may have been. But, as so often, right.

The class of an establishment is indeed written on its wallpaper. It is there, rather than in the guidebook, that you learn the true category: cheap-and-nasty, cheap-and-cheerful, expensive-pretentious, flash-modernist, and so on. Which is why upmarket hoteliers go to such extraordinary lengths nowadays to get the decor right.

When Grace Leo and her husband Stéphane Andrieu bought the Lancaster hotel in Paris from the Savoy Group three years ago, they paid £9.5m then spent another £2.5m doing it up. The place was stuffed with the kind of furniture you would expect of a smart place just off the Champs-Élysées: Louis XV style, Louis Seize and Empire armchairs, and some good 19th-century copies. The Napoleonic bed in the ante-chamber of my

## BABY GRAND CHRISTIAN TYLER

# A Paris hotel where even the celebrities are discreet

suite, for example, was perfect. How do I know? Because I saw the Emperor's own bed in the Marmottan museum the following day.

Like the clientele - mainly *haut bourgeois*, late middle-aged and Anglo-Saxon - the furniture and decorations were a little run down. Everything was sent off for repair, curtains were copied, carpets chosen and a discreet Japanese-oriental flavour introduced into the public rooms and the garden behind.

a connoisseur's home," she said. "The biggest compliment anyone could make me would be to say 'This is how I would like to live'."

She replaced the chef, the general manager and the financial controller. "I have tried converting people in the past," she said, "but it doesn't work. You usually have to change the team if you are bringing in new ideas."

Grace, Leo-Andrieu does not mess about. Hers is one of the best-known names in the hotel business, and her signature is worth a lot of business.

The Hong Kong Chinese daughter of a hotelier, she studied the trade at Cornell University, worked for the Intercontinental and Sheraton groups and was vice-president of Warwick International Hotels by the age of 26. She now runs her own manage-

ment and marketing consultancy, GLA International.

Although she likes to stamp her own taste on a place, supervising the choice of everything

matter is refurbishing and relaunching hotels, as she did with the Clarence in Dublin, and is doing with the Cotton House in Mustang. She also manages - but no longer has a stake in - the Montalembert, a trendy chic hotel on the Left Bank in the Faubourg St. Germain. At the Lancaster she is, in effect, consultant to her property-developer husband, whose money bought it.

She also dislikes the generic terms "designer hotel" and "boutique hotel". She prefers to call the Lancaster by the name used by this very column: Baby Grand. "Grand" means more than wallpaper, of course. It means the bowl of fruit which stands, as self-conscious as a Cézanne still life, at the end of the corridor; or the red-leather lift with bamboo-shaped fittings

down to the teaspoons, the lady is a manager, not a decorator. She does not like being bracketed with designers such as Anouska Hempel and investors such as Christina Ong. Her

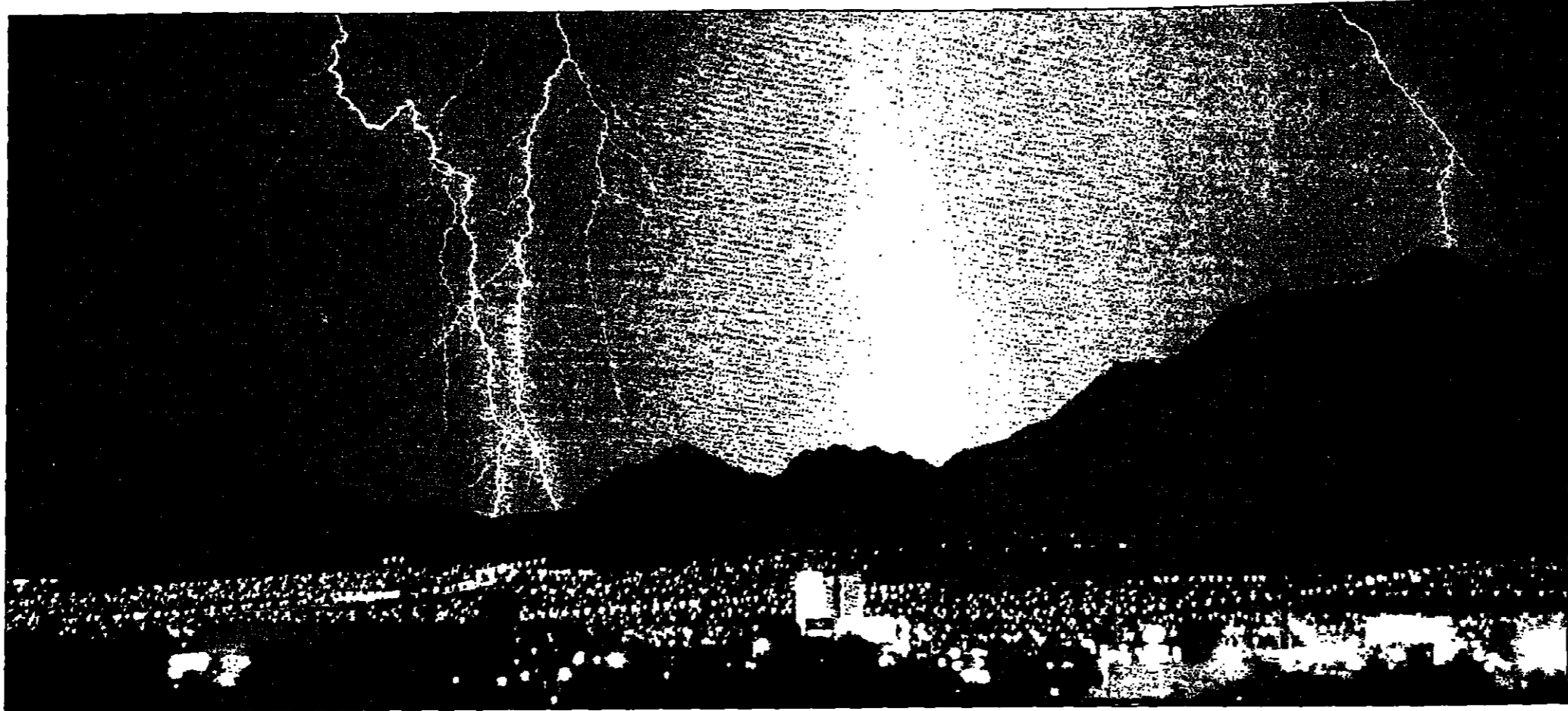
of brass; or the minimalist bathrooms with big old basins, arranged so you don't crack your skull on the glass shelf; the coathangers you can take right out of the cupboard; the separate mattresses in the double beds; the Egyptian cotton sheets; the heavily-weighted silk brocade curtains; the perfect scrambled egg at breakfast; the real logs burning in the fireplace.

It means service which is attentive but not intrusive - a difficult balance, especially in a place like this where different cultures meet. (Americans, for instance, seem to like their waiters mousy, while Europeans don't.) Leo-Andrieu has declared war on the great Parisian tradition of *providing*, the Gallic shrug and the raised eyebrow. She has encouraged clients to bring the kids.

down to the teaspoons, the lady is a manager, not a decorator. She does not like being bracketed with designers such as Anouska Hempel and investors such as Christina Ong. Her



TRAVEL



Taking Vegas by storm: long regarded as a city built on fantasy, and the fastest-growing of American cities, Las Vegas has decided on yet another change of course. The Strip is going upscale, fast.

Las Vegas is a state of mind. I knew it the moment I picked up the phone. It was 7am on my first morning and I was recuperating from jet lag in a Jacuzzi the size of a small swimming pool. "Hall noble guest" began the recorded wake-up call. Anywhere else I would have laughed out loud. Las Vegas, I had already learned, doesn't have a sense of the ridiculous.

On the flight from London, Hunter Thompson had told me in his classic 1972 polemic, *Fear and Loathing in Las Vegas*, I would hate this dark corner of the American dream. About as much else I knew in advance was that Vegas had made Bugsy Siegel famous, had been home to Elvis and Frank, and had spared the rest of us Engelbert Humperdinck and Tom Jones. And, of course, it had driven Hunter S to drugs. The moralist in me said he had got it right. Somehow - for reasons I still cannot quite explain - I loved it. For three days anyway.

As we swept up the drive to Caesar's Palace, we passed a replica of one of Thailand's holiest Buddhist shrines. A few steps away, half-hidden by the fountains and Italian cypresses, stood Giovanni Bologna's Rape of the

# Real is fake and fake is real

T-shirts and shrimp tails are making way for Versace gowns and seared salmon. What is happening to Las Vegas, asks Philip Stephens

Sabines. Why? Don't ask. If it's there, anywhere, it's worth imitating seems the rule in Vegas. My route under painted casino skies from check-in desk to luxury suite in the Palace Tower took me via the Applan Way. You can't miss Michelangelo's David, the receptionist chirped without the slightest hint of irony. You can't. But take a wrong turn and you can marvel instead at boxing legend Joe Louis - sculpted from the same inordinately expensive Carrara marble.

The Strip (or more likely take a limo), and a half-size Eiffel Tower rises above Lake Como. A full-size pyramid of glistening glass jostles for space on the skyline with a cut-out of Manhattan's Chrysler building. Pirate ships do battle on artificial lakes, roller-coasters compete with Arthurian jousts, newly-weds in all their finery forgo the honeymoon suites for all-you-can-eat shrimp and steak buffets. Inside the cavernous casinos night merges into day in a world where clocks and exit signs are banned.

The mobsters (most of them) have long gone. Tom has't. Nor has the truly dreadful Jubilee show at Bally's. I'm not sure about Engelbert. But there are new stars and shows, world championship title fights, and \$3,000-dollar-a-night suites with their own swimming pools. Sumptuous shopping malls are the latest thing. So too are franchises of the smartest restaurants on the east and west coasts. Donna, Ralph are Louis are everywhere. So too is a master of cuisine called Wolfgang Puck. I am sure I should have heard of him. To say the consumption is merely conspicuous is insulting.

Gambling, though, is still what really counts. The town takes more than half of its multi-billion dollar annual income from the punters' unshakable conviction that they can defy the laws of mathematics. Vegas would be nothing without the whirl of the roulette wheels and the clatter of the craps dice. Here you measure the green balze by the acre and count the dollar slots by the 10,000.

I started off in Binion's Lucky Horseshoe casino, which is downtown rather than on The Strip. Lately there has been a big effort to clean up the downtown area, fencing off bookers and hooked from what used to be called Glitter Gulch and has been rechristened the Fremont Street Experience. But it's still downtown. My hosts looked askance when I eschewed the opulence of, say, the Monte Carlo hotel or the elegance (relatively speaking, you understand) of the Desert Inn. But The Strip is the place to gamble. Downtown is the place to gamble.

tables. Hotels became resorts. Merchandising became big business. And everyone dug lakes. Now this fastest-growing of American cities has decided on another change of course. The Strip is going upscale, fast. Those tawdry T-shirts and \$1-shrimp tails are making way for Versace gowns and Puck's seared salmon with minestrone jus.

The new mood is symbolised by Bellagio, which Wynn opened last autumn. It is a preposterous venture, modelled on the eponymous village nestling on the shores of Italy's Lake Como. The architecture is Renaissance Italian, the paintings mostly 19th century Impressionist (though Picasso also gets a fair look in). But hey, forget the clutter of discordant notes. Where else can you watch fountains as high as skyscrapers dance to the strains of operatic arias?

Wynn sees Bellagio's unrestrained opulence as the future. Forget the slots. Try the spa, the pool, the restaurants and the private gallery. Two other extravagant imitations of European culture - Paris and the Venetian - are soon to open on the opposite side of The Strip.

As well as its Eiffel Tower, Paris promises replicas of the Opera House, the Louvre and Arc de Triomphe. At the Venetian, guests will stroll through the Doge's Palace and take gondola trips on the canal. It's all ridiculous. So too is Wynn's claim that a hotel with more than 3,000 rooms can deliver the standards of service familiar in the best European hotels. Ask the long lines of guests queuing at the check-in and check-out desks. You have to be a high-roller to join the express line.

The only place in Vegas that comes close to European de luxe is the much smaller Desert Inn, the last grand survivor of the 1950s, which has a certain style.

No matter. This is a town built on fantasy. And for two or three days it is a fantasy worth enjoying. When it's over take a trip in a small aircraft over the Grand Canyon national park. Stay the night. See how the awesome force of nature has been vast temples and pyramids from the red and ochre rock. Man and mammoth can't compete.

Philip Stephens' trip was arranged by Celtic Travel. He flew courtesy of American Airlines, which has five flights per day from London. Paris, via Chicago, LA, Dallas or Boston, start from \$377 plus tax. The Las Vegas brochure line number is 0890-238332. Eagle Canyon Airlines flies daily and does overnight tours to the Grand Canyon from Las Vegas.

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Ghosts of artists lim by the sea



TRAVEL

# Ghosts of artists linger by the sea

Stewart Dalby explains his enthusiasm for Dieppe

Dieppe is easily the nicest of the French Channel ports. I am biased. I live some of the year in Sussex and it is just 10 minutes' drive to Newhaven and the ferry to the French port.

I have been going there three or four times a year for longer than I care to remember. Lately we have been spending some of the summer holiday thereabouts hiring one of those beamed Normandy cottages that look like a combination of a cut-down Tudor mansion and a Hansel and Gretel house. We often cycle to an isolated rocky cove nearby or into Dieppe itself to buy our picnic ingredients. In winter I go to the casino, eat, drink, listen to the jazz at the Hotel Select on a Friday night and walk along the lonely seashore. I cannot get enough of the place.

The first attraction of Dieppe is that the ferry takes you into the town. Having said that, the entry is rather less dramatic and memorable than it used to be. Until 1894 the ferry went into the port wobbling the moored fishing boats like a whale among the mackerel. If you arrived in the morning you could peer into the rooms of the tall, crusty Edwardian houses ringing the tiny harbour and pick a bar or restaurant for lunch.

If you arrived in the evening you could cross the grey concrete footbridge and board the evening train to Paris. The footbridge is gone and the ferry port has been moved further out. The fishing harbour is now a leisure marina. But it is only a few minutes walk to the early morning fish market and just a two-minute bus ride to the old port.

Brighton can be said to have invented the British seaside resort, then Dieppe can certainly lay claim to be the home of the French seaside. The Duchess of Berry persuaded her aristocratic friends from Paris to immerse themselves

in the chilly waters of the English Channel in 1806.

Eventually, it became a popular resort for Parisian families. At low tide there is sand at the western end of the beach. There is also sand at Pourville two miles to the west. Again at low tide it is possible to walk to Pourville under the cliffs.

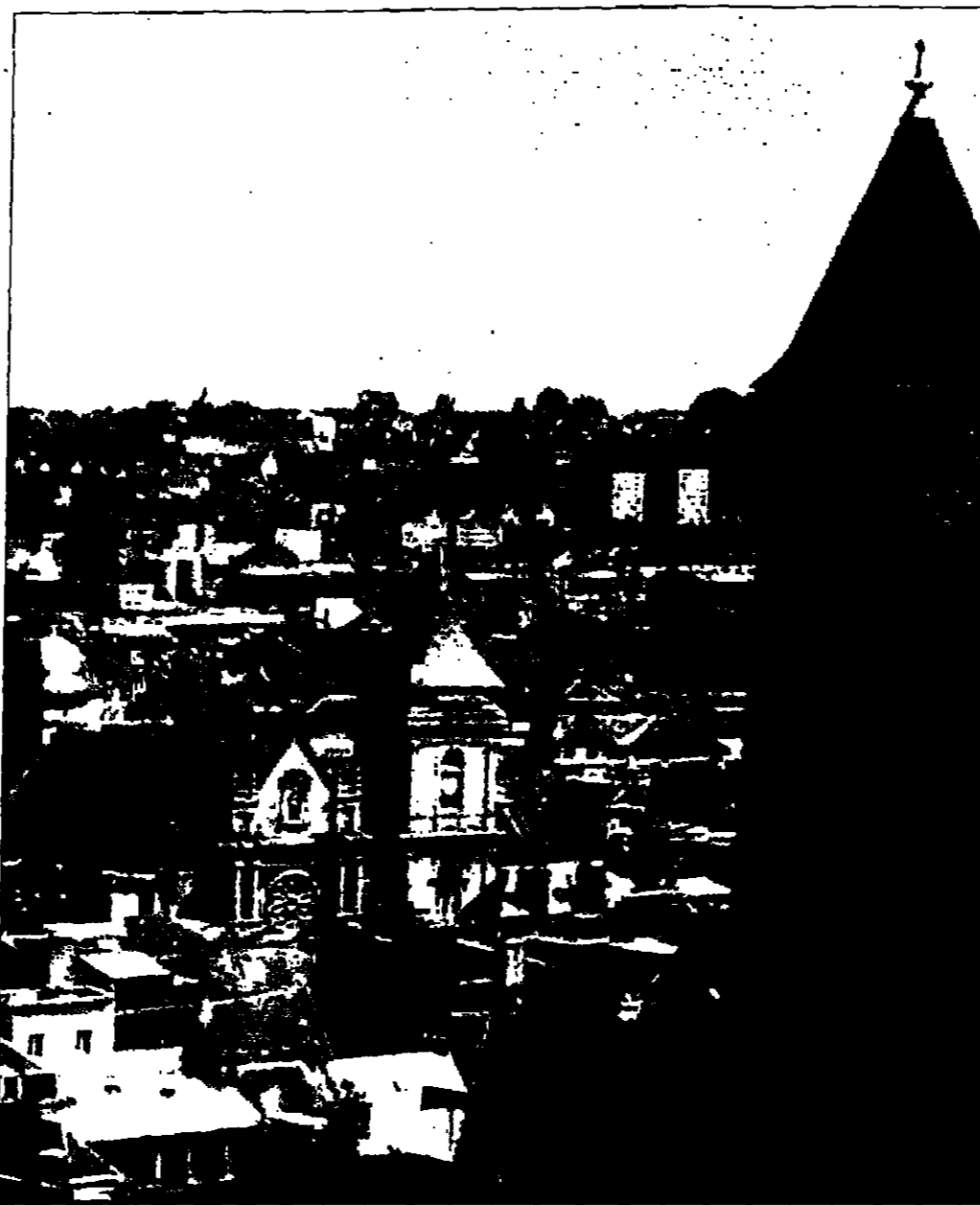
Of course, it is more than a resort. It became an artists' colony - Braque and Monet are but two of the French artists who worked there, attracted by the quality of the light at a time when the south of France was still malarial.

The town enjoyed an Edwardian heyday so far as the British were concerned. In the early years of the century Dieppe had several thousand British residents. Aubrey Beardsley, the Brighton artist, holidayed there. Walter Sickert became renowned for his images of Dieppe - and notorious for fathering a child with a fish seller. Oscar Wilde was said to have written the *Ballad of Reading Jail* in Dieppe's Swiss Café, and he was known to have patronised the Café Des Tribunaux, a terraced café in the middle of the town which dates from 1708.

The rich artistic heritage is in evidence in the Castle museum which stands on a cliff top overlooking the wide seashore. There you will find Braques, Pissaros and Sickerts plus a collection of ivory from the town's former trade with West Africa.

The ghosts of Wilde and Sickert linger in the ever-so-slightly faded hotels on the front with English names like the Epsom and Windsor. Just off the front the Select is run by an Englishman, Stuart Gale, and his wife, Cheiko.

The British were bound closer to the town after the Dieppe Raid of August 19 1942 when thousands of Allied troops, mainly Canadian,



Dieppe has a rich artistic heritage: the ghosts of Wilde and Sickert still linger

were killed in an assault on heavily defended German positions. The anniversary is celebrated each year in August and there are reminders of the raid around Dieppe and in the war cemeteries outside the town.

Dieppe's real joy is its restaurants. There are more than 100 in the town of 36,000, making one for every 360 people. There is a strong emphasis on seafood with *Mermite Dieppoise*, fish hotpot, on many menus. Also not to be missed is the Saturday market, when the town centre streets becomes one great emporium, with villagers from the surrounding countryside and vegetables, olives, cheeses, honey - you name it.

### General information

- Getting there: Dieppe is definitely best approached from the sea. Hoverspeed plans to provide a two-hour fast ferry from April 23, three times a day from Newhaven. The Super Seacat holds 600 passengers and 180 cars. Tel: 0980 240 241. Fares will start at £6 return for day-trip foot passengers during the week, £12 on a Saturday. For a car with up to nine people it will be £39 for a day trip, five-day return until June 30 from £95, after June, £98. Apex fare, return after any period but with specified dates, £148.
- Dieppe tourist information +33 2 35 84 11 77.
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- Some favourite restaurants, approximate price per head in brackets: *Newhaven*, 53 Quai Henry IV, tel +33 2 35 84 89 72 (FF70); *Le Normandy*, 16 Rue Duquesne, 2 35 84 27 18 (FF40); *Les Escamies*, 129 Quai Henry, +33 2 35 84 67 67 (FF60); *Café Suisse*, 18 Arcades de la Bourse +33 2 35 84 10 66 (FF60).

### UPDATE

## Be a flasher in a Spanish cave

**CAVE ATQUE VALE:** The famous cave-paintings at Altamira, northern Spain, have had restricted access for years; from next year they close altogether. Last chance to see them with Andante Travels (+44 01980-610666), one of the rare operators allowed in. Six days from June 8 costs £576; bring a flashlight.

**DO BUY:** Shopping Festival time in Dubai, until April 14, sees bargains at 1,200 outlets across the emirate, and a Nissan 4WD given away every day to a lucky shopper. Special packages at the Hyatt Regency begin at \$148 per room plus tax (tel: 0345-581866); and Emirates airline will let you fly an extra 10 kilos of baggage free when you leave.

**CAVALIER APPROACH:** The English Civil War returns to Devon on April 1 when the 1646 Civil War Experience opens in Great Torrington, scene of the last big battle of the conflict. Interactive displays on war and peace, costumed guards, and a 17th-century Physic Garden to visit; open all year, details from 01806-622373.

**SUN'S SKI:** Riksgränsen in Swedish Lapland is the world's most northerly ski resort; the action goes on well into summer, and from May 21 to July the lifts open from 10pm to 1am so you can ski under the midnight sun. The King of the Hills snowboarding competition is held from May 27 to 29. How to get there? Call the Swedish Tourism Council on 0171-870 5600.

**PICK VAN DYCK:** Painter Anthony Van Dyck was born 400 years ago; 1999 is his year in Antwerp, which will hold 10 exhibitions of his work. Prospect (0171-486 5705) offers trips on Eurostar,

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**GARDENS OF SOUTH-EAST ENGLAND** - almost 60 - are listed in a new map guide, free from the tourist board on 01892-540786.

John Westbrook

TRAVEL

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# Star trek for a journeyman

Derek Lawrenson explains how a close friendship with the mighty Tiger Woods propelled middle-aged Mark O'Meara to golfing greatness

Any assessment of golfer Mark O'Meara's career at the start of last season would have acknowledged the steady accumulation of victories during the course of his 18 years on tour, but concluded that when it came to the major championships he was short of the right stuff. The evidence was damning. O'Meara had played in 56 majors to that point with two third-place finishes the best he had achieved. In neither instance had there been any prospect of victory.

As he had just turned 41, there was no reason to believe things would change, so what happened last season ranks among the most remarkable of all golfing transformations.

First, O'Meara birdied three of the last four holes at the US Masters at Augusta to shed his journeyman's clothes for ever and don the winner's green jacket. If that was not startling enough, he followed it by winning the British Open at Birkdale in similarly impressive circumstances, prevailing in a four-hole play-off.

Thus a lucrative, if ultimately ordinary, professional life had been transformed into one that caused rivals, writers and golfing historians alike to look at O'Meara with renewed respect.

How did he manage to pull off such a coup? The answer lies in an unlikely alliance with Tiger Woods, and while much has been written regarding what the patriarchal O'Meara has done for the brilliantly gifted Woods, too little has been said about the benefits that have flowed the other way.

Since Woods joined the tour in 1996 the pair have become close friends. Both live in the same exclusive Florida neighbourhood of Isleworth, and Woods often goes to dinner with O'Meara and his family. On the course they practise together, away from the tour they play friendly matches.

Before he met Woods, O'Meara had been happy with the millions that had flowed into his bank account and satisfied, too, with the

status he enjoyed: a player a touch adrift of the elite, who accordingly could live his life anonymously.

Woods changed all that. Suddenly O'Meara found himself alongside a practice partner oblivious to anything but the heady glory of winning. "Tiger definitely had an effect on the way I approached the game," O'Meara says.

"I think watching him at close quarters raised my own game a notch. We would be playing practice matches for not much money, but his desire to win any game rubbed off on me." O'Meara went from 1992 to 1995 without a victory, but from his first meeting with Woods in 1996 he has been a prolific winner. He claimed two titles that year and



three more in 1997. Could he transfer such form to the setting of a major championship?

Few people thought so, particularly at Augusta, where O'Meara had long professed a dislike of the Masters greens, believing the slick greens to be too close to being tricked up.

Instead it was Woods who garnered the headlines in the approach to the tournament as he prepared to defend the title he had claimed by an astonishing 12 strokes the year before. Woods, though, could not tame an errant driver, nor a wayward putter.

With a handful of holes to complete it was David Duval who set the mark, one O'Meara could tie with two birdies in the last four holes. He got them at the 15th and the 17th, and went to the last hole requiring a par four. Such a task has proved beyond many men who have never won a major before, let alone one who was 41 and had never been a serious contender.

O'Meara's nerve held. A perfect drive was followed by an iron towards the safe portion of the green. Now he was 20ft away with a putt for the Masters. Putting has always been the strongest part of O'Meara's game.

Of his contemporaries, perhaps only Ben Crenshaw and Severiano Ballesteros are his equals in that department. The putt had 6ft of break from right to left and O'Meara judged it perfectly, the ball falling into the hole with its last breath. A journeyman no more.

Golf is no different from any other sport in that confidence maketh a man. At the British Open last July O'Meara, armed with a winner's self-belief, found himself on a Birkdale course where he had already won one European tour event and finished third when the Open was last there in 1981.

Again the headlines went to Woods, at least in the build-up, and even on the final day he chipped in on the final hole to set the club-

MICHAEL THOMPSON-NOEL

# Merry Mo out for much more

Lust for victory on the race-track is one thing. But there must be those who are wondering whether the unparalleled and bizarre competitiveness displayed by Dubai's crown prince, General Sheikh Mohammed bin Rashid al Maktoum, has not teetered into full-blown eccentricity, even dotliness.

How many racehorses does Sheikh Mohammed need? How many more billions of dollars will he and Dubai's oil-rich, horse-mad Maktoum family spend on racing?

Already, thousands of horses have passed through their hands. The Maktoum racing operation, spearheaded by Sheikh Mohammed - or Sheikh Mo as he is known in disrespectful corners of the world's race-tracks - is the most richly funded operation in racing's history.

Yet Sheikh Mohammed wants more. More horses, more victories, more champions, more acclaim. Over the years, there have been grumblings in Britain about the extravagant muscle power and numerical strength of the Maktoum empire, and complaints that its dominance of British racing - purchased at breathtaking cost - was un sporting.

These complaints seemed undeserved so long as the Maktoums bought unraced yearlings at auction or bred their own horses at their many stud farms. But in recent times Sheikh Mohammed has seemed increasingly frantic in his search for success, buying other owners' champion horses to race in his name.

Sheikh Mo's love of his horses was displayed at Dubai's Nad Al Sheba race-track last Sunday evening, at the fourth running of the 1.4-mile Dubai Cup, the world's richest race. The Dubai Cup had a total purse last Sunday of \$5m, including

\$3m to the winner. But it is a peculiar business, very much a Maktoum family affair, run on their very own race-track. And four of the eight runners were Maktoum-owned, including the winner, Almutawakel, which was flawlessly ridden by English jockey Richard Hills.

In the winner's enclosure, Almutawakel was greeted by jubilant Maktoum family members and their huge entourage. A police band played as the winner, a handsome, brave, glossy fit and strikingly laid-back 4-year-old colt by a stallion called Machiavellian, was led round and round by an exultant Sheikh Mohammed and by the colt's real owner, one of his brothers, Sheikh Hamdan.

Although the Maktoum racing empire is, like Dubai itself, a family affair, it is Sheikh Mohammed imperious, sometimes mercurial and haughty but also, when he chooses to be, ironic, almost droll - who calls the shots.

Two days before the running of the Dubai Cup, the great fireproof of the Maktoum empire was shown to racing journalists early in the morning at the family's private stables when 40 of their finest horses were breezed round the training track. They included champions and champions-in-waiting who have been wintering in Dubai and whose combined value may not have been far short of \$100m. Soon, the whole gang will be shifted to their various summertime training stables, mainly in northern Europe and the US.

Some observers doubted whether 40 horses of such quality had ever been on view like that before. Yet there will be many more to come, for in Sheikh Mo's words the Maktoum success story "has no finishing line. We are still galloping."

HOW TO PUNT IT

I almost fainted this week when a tipster suggested backing the nine hottest favourites in European soccer qualifying matches. All nine were odds-on, meaning you win less than your stake. This can be a ruinously decadent activity. Indeed, most professional bettors would never dream of betting odds-on.

One of the nine was Spain, which was 1-20 to beat San Marino. That

is, the bookies were offering £1 in winnings for every £20 you staked. According to the tipster, Spain were to be teamed with eight other Euro hotshots in an accumulator that would satisfy "every money-buyer's wildest dreams".

Apparently, the bet would have paid combined odds of 2.2 to 1. But you would have been mad to risk your hard-earned money. M. T.-N

MOTORING STUART MARSHALL

# Three-pointed star outshines Rolls

As the long, aristocratic snout emerged from my driveway, a Saab coming up the hill slowed to a standstill and the driver waved me out. Later that day, at Lingfield races, punters gathered to admire my car with the reverence accorded to a great work of art.

But at the supermarket, a woman in a tatty old smoker thought the Rolls was going to get in her way. I stopped at once and she shot triumphantly across my bows, her face full of envy and class hatred.

My car? The latest Rolls-Royce Silver Seraph. No other make could excite such a mix of emotions or imbue this driver at any rate with so profound a sense of noblesse oblige. It is a car one cannot drive badly. To do so would be like maltreating a fine horse.

Launched just over a year ago, the Silver Seraph was hailed as the first new Rolls-Royce for a generation. Gone was the monstrous, much modified American V8 engine. In its place was a 5.0-litre BMW V12 and a German 6-speed automatic.

Rolls-Royce makes much of the styling changes but, in fact, the Silver Seraph looks not unlike its immediate predecessors, the Silver Dawn and Silver Spur, except for a smaller radiator and the rounded-off corners of its bodywork. The way it performs is not much different, either.

It accelerates vigorously, with a soft hum, and is at its tranquil best on motorways. On crumbling country roads the ride can be quite restless; you feel and hear the tyres thumping into potholes and over broken edges. But it does handle more sharply than earlier Rolls-Royces.

In town, it is ponderous and, because of its poor steering lock, difficult to park. One yearns for a chauffeur. At more than 6ft tall and long in the leg, I found the driving position unreasonably cramped. I needed at least two more inches rearward seat adjustment. (Incredibly, the tiny Volkswagen Lupo town car I used in parallel with the Silver Seraph had a much better driving position and far more generous leg, foot and headroom.)

As always, the main appeal of the Rolls-Royce is its interior. The craftsmanship of the cabinet makers who produce the wood-paneled fascia, console and interior trim is unequalled.

So is the skill of the upholsterers and the quality of the Connolly hides they use for the seats.

A cynic would call the Silver Seraph an anachronism, a gas guzzler (reckon on at best 12mpg or 23.5l/100km if used mainly in town) that demonstrates the owner is rich enough to spend £155,000 on super-luxurious personal transport.

Immediately before I had the Silver Seraph for a week-end I had driven to Geneva and back in a £74,000 long-wheelbase Mercedes-Benz S-500. Even surmounted by its characteristic three-pointed star symbol, it is not exclusive enough to turn heads, nor does it have a hand-made interior for admirers to swoon over. It is an off-the-peg car, not semi-bespoke (50 per cent of Rolls-Royces are altered during manufacture to suit the buy-

er's requirements).

But currently, the S-class is the world's best luxury saloon, full stop. For the price of a Silver Seraph you could have a brace of S-500s, with enough left over to buy a new runabout for the nanny.

Inside, the S-500 is hugely roomy, with as much legroom for rear passengers as large cars offered in the days when the back seat was above the axle. The leather-trimmed seats are softer and more comfortable than the Silver Seraph's; a tall driver's legs and feet are uncramped. Surprisingly, boot capacity is no better than the Silver Seraph's.

The Mercedes S-class is the world's best luxury saloon, full stop. For the price of a Rolls-Royce Silver Seraph you could have a brace of S-500s

Whereas the traditionally laid out minor controls and instruments of the Rolls-Royce are an ergonomist's nightmare, those in the Mercedes-Benz are models of clarity and efficiency.

Air suspension gives the S-500 a superbly shock-absorbent, self-levelling ride on all kinds of surfaces. In town and on winding minor roads it feels so much lighter on its feet than the Silver Seraph one forgets it is of similar size. Only on coarsely textured roads does tyre noise obtrude at speed. For much of the 2,000km return journey, mainly on autoroutes, I set the cruise control at 81mph (130kph) and was rewarded with a fuel consumption of nearly 24 mpg (11.8l/100km). It would, of course, be much thirstier in town.

The future of Rolls-Royce has been unclear since BMW

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INTERNATIONAL ARTS GUIDE

What's on around the world

AMSTERDAM

DANCE
Het Muziektheater
Tel: 31-20-551 8911
Dutch National Ballet programme combining the Dutch premieres of Acts of Light by Marthe Graham...

EXHIBITIONS

Stedelijk Museum
Tel: 31-20-673 2121
Stedelijk: display of Astetic objects highly popular in Europe and imported in large quantities by the Dutch East India Company...

BARCELONA

Museu Picasso
Tel: 34-93-319 6310
Picasso - Engravings 1900-1942: temporary exhibition with more than 250 works from the Musée Picasso in Paris...

BERLIN

CONCERTS
Staatsoper unter den Linden
Tel: 49-30-2035 4555
www.staatsoper-berlin.org
Chamber Symphony Orchestra: conducted by Daniel Barenboim in works by R. Strauss; Apr 3...

OPERA

Deutsche Oper
Tel: 49-30-34384-01
Matthias-Passion: Christopher Hogwood conducts Johann Bach's and Felix Mendelssohn's score...

EXHIBITION

Musee National d'Art Moderne
Tel: 49-30-2660
Max Ernst (1891-1976): retrospective of the German Surrealist then transferring to Munich; to May 30

OPERA

Deutsche Oper
Tel: 49-30-34384-01
Matthias-Passion: Christopher Hogwood conducts Johann Bach's and Felix Mendelssohn's score...

BONN

EXHIBITIONS
Kunst- und Ausstellungshalle der Bundesrepublik Deutschland
Tel: 49-228-917 1200
www.kah-bonn.de
High Renaissance in the Vatican: Art and Culture at the Papal Court (1503-54). The early 16th century saw Papal Rome establish itself as the centre of art in Europe...

BUDAPEST

EXHIBITIONS
Magyar Nemzeti Galéria
Tel: 36-1-376 7533
Jazzet Függetlenség: most of the 250 pieces depict this famous Hungarian post-impressionist's hometown, although it also includes forays into decorative arts. His first exhibition since 1961; to Sep 6...

CHICAGO

CONCERT
Orchestra Hall
Tel: 1-312-294-3000
www.chicagosymphony.org
Chicago Symphony Orchestra: presented as part of the Great Performers Series in works by Mozart and featuring Alfred Brendel on piano, Katherine Gowers and Lucy Jest on violin; Apr 6

CLEVELAND

EXHIBITION
Cleveland Museum of Art
Tel: 1-216-421-7340
www.clevelandmuseumofart.com
Diego Rivera: Art and Revolution. Major retrospective of the Latin American painter and folk artist. Rivera was a pioneer of the muralist movement, and his work is unique in 20th century art; this show features 125 works and includes public and private loans from Europe, Japan and Mexico; to May 2

COLOGNE

EXHIBITION
Kunstsammlung
Tel: 49-212-222 02
www.museumkoeln.de
Marc Chagall's "Der Spaziergang" 1977-1978, at the Kunsthhaus Zurich Museum



Marc Chagall's "Der Spaziergang" 1977-1978, at the Kunsthhaus Zurich Museum

Wallraf-Richartz Museum
Tel: 49-221-222 02
www.museumkoeln.de
Arendt de Gelder (1645-1727): first monographic exhibition devoted to Arendt de Gelder, one of Rembrandt's most prominent pupils. The show includes 58 paintings and 13 drawings as well as 25 graphic works by Rembrandt; to May 9

COPENHAGEN

EXHIBITIONS
Louisiana Museum of Modern Art, Humlebaek
Tel: 45-4618 0719
www.louisiana.dk
Henri Cartier-Bresson: Europeans. Previously seen in Paris and London, this show brings together 185 works ranging across the photographer's career from the 1930s to the present; to Jun 6

FORT WORTH

EXHIBITIONS
Kimbell Art Museum
Tel: 1-817-328-4517
www.kimbellart.org
Gifts of the Nile: Ancient Egyptian Faience. Display of ceramics, known as faience, a mixture worked by the Egyptians and regarded by them as magical. Brings together over 200 works, including statuettes of kings and gods, animals, and inlaid boxes; ranging over 5000 years. Includes works borrowed from public and private collections in the US and Europe; to Apr 25

HOUSTON

EXHIBITION
Museum of Fine Arts, Houston
Tel: 1-713-638 7300
www.mfa.org
Art at Work: Forty Years of the Chase Manhattan Collection. In conjunction with the Contemporary Arts Museum Display of 77 works which together chart the major movements in postwar American and European art. Organized chronologically, the show at the Museum of Fine Arts includes works by Calder, Stella and Bays, while the Contemporary Arts Museum features artists of the 1980s and 1990s, including Basquiat, Cragg, Lichtenstein and Sherman; to May 2

LISBON

EXHIBITION
Centro Cultural de Belem
Tel: 351-1-981 2400
Aver Aalto in Seven Buildings: Centenary exhibition of the Finnish architect Aver Aalto; to May 16

LONDON

CONCERTS
Barbican Hall
Tel: 44-171-638 8891
Orchestra of the Age of Enlightenment: this period instrument ensemble makes a welcome return featuring Nathalie Stutzmann (contralto) and directed by Christian McElreath in works by Corelli and J.S. Bach; Apr 6

LOS ANGELES

CONCERTS
Music Center: Dorothy Chandler Pavilion
Tel: 1-213-365 3500
www.lapll.org
Los Angeles Philharmonic: conducted by Antonio Pappano in works by Honnegger, Liszt, and Mendelssohn; with Jean-Yves Thibaudet on piano; Apr 3

Los Angeles Philharmonic: conducted by Hans Vonk and featuring Lars Vogt on piano in works by Webern, Mozart, and Schubert; Apr 7

MADRID

EXHIBITIONS
Fundación Juan March
Tel: 34-91-435 4240
Marc Chagall: Jewish Traditions. 40 paintings by the Russian-French painter, produced between 1908 and 1975. They detail Chagall's progression through such styles as Expressionism, Cubism and Surrealism; to Apr 11

MONTREAL

EXHIBITION
Musée National d'Art Moderne
Tel: 1-514-383 1600
www.mnam.org
Monet at Giverny: 22 paintings, produced during the last 20 years of the artist's life, loaned by the Musée Marmottan in Paris; to May 9

MUNICH

EXHIBITIONS
Haus der Kunst
Tel: 49-89-211270
Angelika Kaufmann (1741-1807): retrospective of works by the Swiss decorative artist, who was a founder member of London's Royal Academy. Includes paintings, drawings, prints and porcelain; to Apr 18

NAPLES

EXHIBITION
Museum of Capodimonte
Tel: 39-81-4473 1300
www.opera-de-paris.fr
Lucia di Lammermoor: by Donizetti. Conducted by Bruno Campanella in a staging by Andrei Serban and Robert Carsen, with designs by William Dudley; Apr 8

NEW YORK

CONCERT
Pierpont Morgan Library
Tel: 1-212-685 0000
Collection in Concert: From Bach to Berg: featuring John Aler (tenor), Krista Benjamine Feeney (violin), Michael Kamen (cello) and directed by Laurie Smulder and Ira Weiler; Apr 8

PERUGIA

EXHIBITION
Galleria Nazionale dell'Umbria
Tel: 39-075 574 1247
Beato Angelico and Benozzo Gozzoli: Renaissance Painters. Organized to mark the 600th anniversary of Fra Angelico's death, this show includes missing sections of his Palazzo del Domentcani, lent by the Vatican so that the whole, restored polyptych can be seen in its entirety; to Apr 11

ROTTERDAM

EXHIBITION
Kunsthall
Tel: 31-10-440 0300

NEW YORK

18th Century French Drawings in New York
Collections: highlights of a century of collecting, featuring 100 outstanding examples by 59 artists including Watteau, Boucher and Fragonard; to Apr 25

SAINT LOUIS

EXHIBITION
St. Louis Art Museum
Tel: 1-314-721 0072
Beckmann in Paris: previously seen in Zurich, this show explores the German artist's relationship to the city he settled in. Work by Beckmann is displayed alongside that of French contemporaries; to May 9

STOCKHOLM

EXHIBITION
Moderna Museet
Tel: 46-9-5195 6200
www.modernamuseet.se
Aleksandr Rodchenko (1891-1956): major retrospective of the Russian Constructivist, who was one of the leaders of the post-revolutionary avant-garde; to May 24

TAMPERE

EXHIBITION
Sara Hillén Art Museum
Tel: 3523-214 3134
www.tampere.fi/hillen
Tony Cragg: 33 sculptures and a large number of drawings by the British-born artist, now working in Germany. The works on display are from the period 1968-1988; to May 9

THE HAGUE

EXHIBITION
Geneesmiddelenmuseum
Tel: 31-70-3388 1111
Vlonnet: designs and prints by Madeleine Vlonnet, one of the most important couturiers of the 20th century, whose modiste cutting technique strongly influenced the fashions of the period 1920-1940. Includes loans from the Louvre and private collectors; to Jun 6

TOKYO

CONCERTS
Sanjuro Hall
Tel: 81-3-5594 9999
New Japan Philharmonic: Hiroshi Wakasugi conducts in works by Alban Berg and Kurt Weill; with Maki Mikiyama and Michio Tazawa as soloists; Apr 5

VIENNA

EXHIBITIONS
Kunsthistorisches Museum
Tel: 43-1-72 0495
Jean-Michel Basquiat: Paintings and Works on Paper. 100 works on loan from the Mugar Collection make up the first show in Austria devoted to the black-hispanic US artist, who died in 1988 at the age of 27; to May 2

WASHINGTON

CONCERT
Kennedy Center Concert Hall
Tel: 1-202-467 4600
National Symphony Orchestra: conducted by Leonard Slatkin with Evelyn Glennie on percussion; Apr 8, 9

ZURICH

EXHIBITION
Kunsthaus Zurich
Tel: 41-1-251 6785
Chagall, Kandinsky, Malevich and the Russian Avant-garde: exhibition exploring the artistic upheavals of the first two decades of this century. In addition to important loans from the State Hermitage Museum in St. Petersburg, the show brings together pictures from 14 provincial Russian museums never seen in the west before; to Apr 25

ARTS GUIDE

Arts Guide by Susanna Rustin e-mail: susanna.rustin@bt.com Additional listings supplied by Arbus e-mail: arbus@bt.com

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WEEKEND INVESTOR



ONLOOKER PHILIP COGGAN

# Farewell to March madness

Peps are ending but investors cannot complain. They have had a fair run over the years

Every March, there is a mad dash to put money into personal equity plans ahead of the tax year-end, and 1999 seems no exception. Cynics might suspect that this late rush lures small investors into the market at the worst possible time and, sure enough, the FTSE 100 index was close to an all-time high this week.

But a quick analysis of the past few years suggests that Pep investors have not done too badly. In the 1994-1997 period, Footsie's end-March level was below the average for the year and at least 10 per cent short of the annual high. Only in 1998, when Footsie ended the first quarter at 5,932, only to drop to 4,648 by early October, might Pep investors have had severe regrets about their timing.

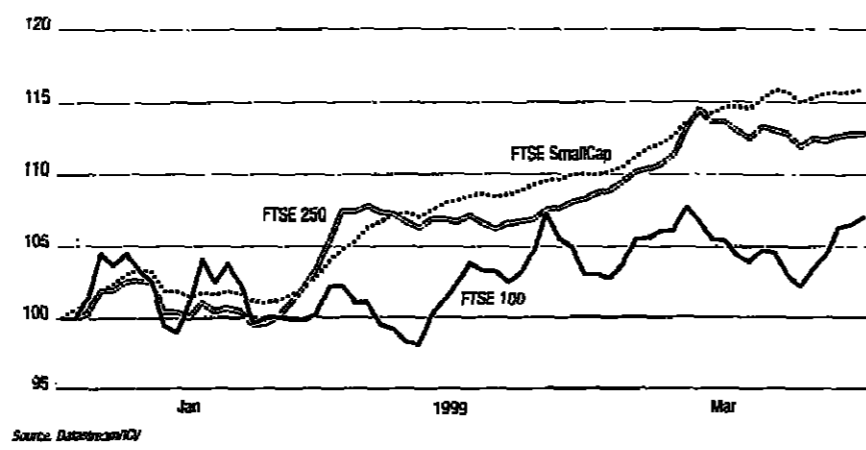
This year, of course, the deadline has taken on a greater intensity since Peps are about to be replaced by the less generous, and highly complicated, individual savings accounts (ISAs). Could Pep investors regret their haste? The UK market has clearly shaken off the worries about global and UK recession that dogged the August-October period of 1998. Two interest rate cuts from the Bank of England played their part.

Valuations have been carried to historic highs, with the price-earnings ratio on the Non-Financials index ending March above 25 (an all-time high) and the dividend yield on the All-Share hitting 2.6 per cent (an all-time low). But the low level of gilt yields does not make equities look too stretched on a relative basis.

Frustratingly, analysis of the fundamentals of the UK market may be rather irrelevant, given the way that London seems hostage to the fortunes of Wall Street where the Dow Jones Industrial Average finally closed above 10,000 this week.

But even if the UK's

The minnows triumph at last FTSE indices rebound



Source: Datastream/FT

overall trend is controlled from New York, at least there is a lot of scope for change at the sector and stock level. For once, the smaller companies sector which is more sensitive to the UK economy, outperformed the rest of the market. The FTSE SmallCap index gained 15.9 per cent over the quarter, compared with the 7 per cent rise in the FTSE 100.

With the UK economic picture having improved, there was some evidence of a switch away from growth and towards the more cyclical sectors. The best individual sector was engineering, vehicles (although that was due largely to the takeover of LucasVarity by TRW of the US), and there were strong performances from construction and paper and packaging.

The highly rated pharmaceuticals sector underperformed, gaining 4.5 per cent on the quarter.

At the stock level, the worst Footsie performers were in defensive sectors - food production (Associated British Foods), food retailing (J. Sainsbury), and utilities (Scottish & Southern Energy, Severn Trent and Thames Water).

The biggest gain in the

Footsie was chalked up by electrical retailer Dixons, thanks largely to the value attached to its Freeserve internet service. Technology in general was a strong performer: Mays gained 43 per cent (so rejoining Footsie) while ARM Holdings, a microprocessor group floated only in 1998, more than doubled.

Technology now has its own economic group within the market following a complete revamp of sectors that came into force on April 1. (Other changes include the division of consumer goods and service groups into cyclical and non-cyclical elements).

The UK's technology sector is much smaller than its US equivalent - and should be worth only around 1.5 per cent of the All-Share - but already attracts a premium rating, with an historic price-earnings ratio of over 50.

Spending on technology is assumed widely to be immune to the economic cycle. Although the economic data are rather vague on this issue, investors clearly believe that computers bring immense gains in productivity, which means that companies are happy to keep investing in

high-tech. And while some parts of the internet stocks trade on apparently absurd valuations in regard to sales (forget about p/e ratios because most do not have any earnings), investors feel they just have to own these stocks. The potential for the internet, in many people's eyes, is vast.

But the internet is a rather less benign presence for some sectors. What about retailing, where Amazon.com already is posing a threat to conventional bookshops?

Nick Hawkins, retailing analyst at Merrill Lynch, is not too downcast. "The threat to retailing is likely to be confined to a few specific product categories," he says. He points out that "being a dual channel brand [operating both shops and an internet service] is more likely to be successful" and notes that Gateway, the computer company that traditionally has sold via mail order and the net, has started to open shops.

It is also likely that there will be less threat to retailers at the high-value or luxury end of the market, where standards of service are important. But, undoubtedly, there will be

some casualties, and Hawkins sees the internet accelerating the consolidation of the sector.

A new company has joined the FT 30 index, the UK's oldest continuous equity benchmark which was founded in 1935. The takeover of LucasVarity has created a vacancy that has been filled by British Aerospace.

The FT 30 is not much used these days except as the basis for the O'Higgins system, a stockpicking method involving dividend yields. The system involves finding the 10 highest-yielding stocks in the index and, from those, choosing the five with the lowest share prices. The aim is to pick blue chips that are temporarily out of favour.

Michael O'Higgins, a US fund manager, developed the system based on the Dow Jones Industrial Average, which also has 30 stocks. In the UK, the system worked well for much of the 1980s but floundered in the mid-1990s when growth stocks (which usually have very low yields) came into favour. But the O'Higgins method did outperform in 1998, so it seems a good time to repeat the exercise.

As of March 31, the 10 stocks with the highest yields were Imperial Chemical Industries (6.8 per cent), Allied Domecq (5.5), Royal & Sun Alliance (5.1), British Airways (5.1), Tate & Lyle (4.9), Scottish Power (4.8), Marks and Spencer (4.6), P&O (4.5), BOC (4.5) and Blue Circle (4.2). Of those, the five with the lowest share prices were Blue Circle, Marks and Spencer, Tate & Lyle, British Airways and Allied Domecq.

It is interesting that Marks and Spencer has fallen into the ranks of "recovery stocks", and that the list is far less industrial than one might have expected. Oddly enough, two big engineering stocks that are still in the FT 30, BTR Siebe and GKN, are trading on very low yields just now. But then, the reason why the O'Higgins method worked so well in 1998 was that BT made the list - and it now trades on a sub-market yield. Fashion in stock markets can shift very quickly.

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WALL STREET

# Internet winners display conspicuous growth

But it is a hard time for the hardware makers, says John Authers

The first quarter of 1999 will be remembered on Wall Street for the Dow Jones Industrial Average's assault on 10,000. By the end of March it had twice exceeded that mark, only to subside within hours on both occasions.

More significantly, though, it could be the quarter when the market decided which companies were most likely to make profits out of the internet.

Meanwhile, lower computer prices, which should speed development of the internet as a mass medium, hit the share price performance of computer makers. It was also a quarter when the narrowing of the market intensified, and smaller companies lost even more ground compared to the corporate giants.

A less heralded milestone than Dow 10,000 saw the Russell 2000 index of smaller companies, slip below 400. During the quarter, it slipped 5.26 per cent from 421.96 to 399.78.

Most of the main market indices enjoyed a strong three months, although growth was not quite as spectacular as has been seen in some quarters during the bull market. The Dow itself finished March at 9,786, up 6.58 per cent for the quarter.

The S&P 500, the most widely followed index of the broad market, gained 4.85 per cent over the three months. It did this despite a significant increase in bond yields, which helped to disuade the Federal Reserve from increasing interest rates.

The most conspicuous winners have been the companies which have a business model which already makes a profit from the internet. America Online, the biggest internet service provider, gained 89.82 per cent during the first three months, while Charles Schwab, the largest online broker, gained 71.08 per cent. Both were among the five strongest performers in the 500 S&P stocks.

AOL's shares no longer perform like an internet

Dow Jones Ind Average	Monday	Tuesday	Wednesday	Thursday	Friday
10,006.78	+ 184.54	9,913.26	- 93.52	9,786.16	+ 127.10
9832.51	+ 46.35				



Poor showing: Undertakers have another reason to look gloomy

stock. Avoiding volatility for the last few months, the company has risen steadily and very fast - more like Microsoft than Amazon.com. The company's users provide it with a steady income stream just for using the internet.

Online broking is the other sector which reliably produces money on the internet. Schwab started aggressively changing its price structure to move its customers on to the web last year, and the approach has paid dividends. The only other business already producing significant money on the internet, online pornography, is not represented in the S&P 500.

Yet companies which provide the essential hardware for the internet suffered some of the worst reverses. 3Com, which makes networking equipment such as modems, was down 47.98 per cent, while Advanced Micro Devices fell 46.55 per cent.

The steady reduction in the price of computers was great for internet companies,

and for computer retailers, such as Circuit City Stores, up 53.44 per cent, but dreadful for computer manufacturers (notably Compaq, which shed 24.55 per cent).

Wall Street itself basked in a return to liquidity and big deal-making after the horrors of September and October last year. Investment banking was the second most successful sector tracked by S&P, gaining 47.96 per cent for the quarter, ranking behind only computer retailers.

Strong performers included Morgan Stanley Dean Witter, which weathered the storms of the Russian financial crisis better than most, and gained 40.76 per cent, while Merrill Lynch, Lehman Brothers and Citigroup also did well.

Wireless telecoms, aided by the bidding battle for AirTouch and strong performance by Sprint, gained 46.5 per cent, while the conventional telephone sector slipped 8.63 per cent.

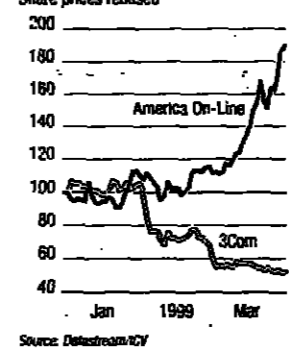
Tobacco companies had a torrid time, thanks mainly to the individual court judgments against the industry in recent weeks. Philip Morris, the largest tobacco company, dropped 34.23 per cent, while the sector as a whole was down 32.61 per cent.

But it was a quarter when many assumptions were turned on their heads. No business has steadier more consistent demand than funerals. But even the certainty of human mortality cannot guarantee sustained stock market success.

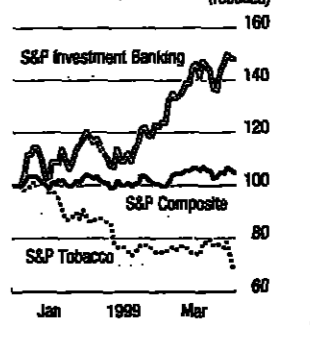
The worst performance for the quarter by an S&P 500 company was Service Corporation International, the largest US group of undertakers. It was down 62.5 per cent.

Winners and losers of the first quarter

Separating the internet sheep from the goats



S&P sector indices (rebased)



# A legal way to pay less UK tax

There is a simple and legal way of reducing the amount of tax you will pay in the UK - simply move your UK savings to an offshore bank while you are living overseas.

To help you see if you could benefit from this, try answering the following questions:

1. Will you be overseas for a full UK tax year? YES  NO
2. Do you have savings in the UK? YES  NO
3. Do you have property in the UK? YES  NO
4. Do you have any investments in the UK? YES  NO

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Please send me my copy of "How to reduce your UK tax bill"

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Address \_\_\_\_\_ Tel \_\_\_\_\_



THE LONG VIEW BARRY RILEY

# While inflation sleeps

Enjoy the moment but beware of taking stability for granted

We don't worry about inflation any more. This week the UK's underlying rate enjoyed a rare dip beneath the target level. In fact, 2.4 per cent is a comparatively high year-on-year rate by international standards, contrasting with 1.6 per cent in the US, 0.2 per cent in Germany and close to zero in Japan. True, on the harmonised European basis UK inflation is 1.6 per cent. But it would be foolish to take low inflation for granted. I have noticed a number of "what if?" research papers crossing my desk, nervously discussing the possibility of an inflationary uptick. The bond markets have certainly looked a little nervous this year, notably US Treasuries where the 30-year yield has risen from 5.1 to 5.8 per cent. Now a sharp jump in the crude oil price has posed new questions, although commodity prices in general remain low.

It all depends, of course, on what you mean by inflation. Perceptions tend to be dominated by goods prices, which have been subject to long-term downward pressures through globalisation and the accumulation of excess capacity in many industries. The Asian crisis which broke two years ago finally squeezed out inflation in manufactured goods and UK producer price inflation is currently 0.2 per cent.

But nowadays services carry several times the importance of manufacturing in a UK-type economy, and services price rises are closely linked to pay inflation (now 4.5 per cent in the private sector),

inflation in services, not surprisingly, is still nearly 4 per cent.

Finally, there is asset price inflation. This scarcely gets into the published inflation numbers at all but it has very important economic implications. Asset markets have benefited from exorbitant monetary growth as central banks have maintained loose money policies; the quiescence of inflation has encouraged the US Federal Reserve, for instance, to cut interest rates and hold them down even in the face of booming demand.

Broad money growth has recently been 12 per cent in

trade gap. The UK's goods trade deficit hit a record £2.8bn for January; the US is heading for a goods trade gap of \$300bn this year and, some say, \$400bn next, which has triggered a new US trade militancy.

These trade deficits are proving very easy to finance. Sterling has once more become embarrassingly strong against the euro and is again close to DMs. Near term, the only danger is the comparatively minor one that the commodity and import price trends will move from favourable (falling) to merely neutral as Asia begins to recover.

The quiescence of inflation has encouraged the US Fed to cut interest rates and hold them down even in the face of booming demand

the US, 8 per cent in the UK and 5 per cent even in the euro-zone. New money on this scale cannot be absorbed in low inflation economies. It has spilled out into the housing market, where prices are climbing at 6 per cent in the US and 8 per cent in the UK. It has especially fuelled the bull market in equities: Wall Street price inflation has averaged 25 per cent annually over the past four years.

The implicit Anglo-American strategy, then, is to import deflation and divert domestic inflation into asset markets. It can work well but only if the damage being done to unfashionable industrial sectors is ignored.

Anyway, the stress inevitably shows up in the

US inflation is likely to rise to 2.5 per cent this year but this will be interpreted as no more than a return to the "core" rate. Some, though, fear an acceleration to nearer 4 per cent during 2000, which would upset the bond market. As for the UK, current economic weakness should depress pay inflation. If it does not, the 2.5 per cent target will prove much harder to hit next year.

Perhaps there is nothing very alarming here but are we storing up bigger trouble for further ahead? Remember that the UK's broad money supply has expanded by nearly 40 per cent in four years while consumer prices have risen just 12 per cent. We must beware of good news. The Anglo-American economies have perversely prospered in

a depressed global economy but they might become stretched if Asia and continental Europe staged vigorous economic recoveries.

Those trade deficits would prove hard to finance and sterling and the dollar would tumble. Imported deflation would be replaced by imported inflation and capital would be drained from the securities markets to finance price rises in the economy, rather as in 1974, although not on the same scale. That could be the formula for the crash of 2001. Don't panic. We are not heading for a re-run of the 1970s: the overhang of global capacity is too large and the demographic shifts in Japan and Germany have been too significant, requiring them to export capital and, in practice, to support the dollar.

This week's stock market indigestion, however, has reminded us that low inflation exacts a price. Swathes of UK listed companies have missed the bull market which has been focused on a handful of sectors protected by growth or insulation from global competition.

Narrow leadership and stretched valuations are dangerous: the market needs to rotate, but into what? The starting-point has to be natural resources: the integrated oil sector index has rallied by 24 per cent in just over a month, and Rio Tinto by 27 per cent since January. But the Asian revival so far amounts to little more than a twinkle in the eye of Tokyo's bulls.

We consumers can continue to enjoy low inflation for a while longer.

سكزا من الاجل



WEEKEND INVESTOR

Last week's interim results

Table with columns: Company, Sector, Half year, Pre-tax profit (£m), Interim dividend per share (£)

Last week's preliminary results

Table with columns: Company, Sector, Year, Pre-tax profit (£m), Earnings per share (£)

Figures in parentheses are for the corresponding period. Dividends are shown net of tax per share, except where otherwise indicated.

Current takeover bids and mergers

Table with columns: Company bid for, Value of bid (£m), Market price (£m), Pre bid value (£m), Bidder

Results due next week

Table with columns: Company, Sector, Announcement last year, Dividend last year, Dividend this year

DIRECTORS' DEALINGS: Shares on the menu at City Centre Restaurants



Directors at City Centre Restaurants moved quickly after the year-end results were announced, writes David Turner.



Transactions in own companies Mar 22 to Mar 25 1999

Table with columns: Company, Sector, Shares, Value (£000), No of directors

current problems will be conquered. The Asian crisis and the strength of sterling dented the profits of Delta, the electrical and engineering services group.

The Asian crisis and the strength of sterling dented the profits of Delta, the electrical and engineering services group. This led to the annual dividend being halved but gave a basis for improvement in future dividends.

Table with columns: Company, Sector, Shares, Value (£000), No of directors



REVIEW

BP continues on merger trail • Not so much Fortune • Glaxo merger talks break down

Acquisitive BP snaps up Arco for \$26bn

BP announced a \$26bn merger with Atlantic Richfield, only months after it merged with Amoco. Already the largest company in the UK, BP will be centralised at about £10bn if the deal proceeds.



BP chief executive Sir John Brown: set example for other oil majors to follow

Misfortune Oil

Things have not been going as well for BP's partner, Fortune Oil. This London-listed Hong Kong company, capitalised at £24m, unveiled a £27m loss for last year.

Not so quick, Litho

The train of management buyouts of small quoted companies headed into a stalling this week when the big institutional shareholders of Litho Supplies declined to take the £26.5m offer for their company.

Syked up again for a deal

Glaxo chairman Sir Richard Sykes may well spend the greater part of his working week talking mergers and takeovers with drug industry rivals. If so, he manages to keep his plotting out of the newspapers most of the time.

Alistair Blair

It was not long before the message from Glaxo was that the talks had broken down. Lex speculated that the initial leak could be a negotiating tactic, if not aimed at Bristol, then at getting last year's candidate, SmithKline Beecham, back into the frame.

Advertisement for Sarasin Themed Investment Fund, featuring a large graphic of a globe and the text 'THEMED INVESTMENT MEANS SHEDDING SOME OLD IDEAS.'

Advertisement for Sarasin Themed Investment Fund, featuring the Sarasin logo and the text '21.8% PER ANNUM GROWTH'.

Handwritten signature 'JAVICO 1350' at the bottom of the page.



FT WEEKEND

THE LOOKING GLASS

Bringing out the beast in gay dogs and lesbian llamas

Suzanne Glass dips into a study of homosexuality among 200 species which found they are only obeying their instincts

I dog watch all over the place. I used to watch people, but people, after a time, can lose their allure. So these days I watch dogs. I have a quest to find the perfect furry friend, so on both sides of the Atlantic, in Central Park or on Primrose Hill, I sit, observe and wonder whether I am best equipped to deal with the sub-standard IQ of the spaniel, the attention deficit syndrome of the setter or the aesthetic challenge of the pug.

A few months ago on Primrose Hill I became caught up in the unabashed rituals of canine courtship.

I was sitting on a bench at twilight when from one side a dalmatian tore up to me, barking and dragging a skinhead behind it. From the opposite direction another dalmatian approached unlesioned, ahead of a redhead in scanty clothing.

The owners eyed one another furtively as their dogs began to sniff. In a libertine move the skinhead let his dalmatian off the lead.

The dogs circled one another, and pheromones running high, took the decision to curtail fore-

play and melt into a frenzy of black and white spotted love.

In a panicked morning-after thought, the skinhead said to the redhead: "I haven't had her spayed. She might get pregnant."

"She?" said the redhead.

"Yes. She's on heat. The bitch."

"But mine's a bitch," said the redhead.

"Lesbians then," said the skinhead.

I might never have given a second thought to the subject of lesbian dalmatians, had I not stumbled upon *Biological Exuberance, Animal Homosexuality and Natural Diversity*, a recently published 760-page tome on the intimate habits of the furred and the feathered.

The book is not some humorous work by a non-specialist voyeur, but a serious scientific treatise by Bruce Bagemihl, a

renowned US zoologist. In a section called *Wondrous Bestiary*, Bagemihl describes non-heterosexual sex in 200 different forms of wildlife.

According to the author, birds do it, beasts do it, some of the swans to mountain gorillas, gay, lesbian and bisexual activity, it seems, is all the rage in the animal kingdom.

Bagemihl's revelations on the one night stands and committed relationships among same-sex

sun to explain away the pink parties of penguins, the flirtations between male foxes and the aggressive foreplay between gey albatrosses.

"It's dominance," say the biologists and zoologists. "It's a contest of strength. A barter for food. A greeting."

One zoologist, too afraid to admit her findings on gay sheep lest her fellow professionals thought her crazy and questioned her work, kept them a secret until she was awarded a fellowship.

Bagemihl claims that although specialists have occasionally talked of multi-male or multi-female associations, they have never given these "bestial" acts their true name.

He, however, has been brave enough to call a peacock a peacock and term it "homosexual-

ity". The "homo", of course, signifying "same", rather than "man".

But what of this coyness towards animal homosexuality? Does it not just reflect the worst in homophobic attitudes to human sexual diversity?

Are observers of the jungle, the bush and the forest part of a bastion of political correctness?

And as sows and serpents won't be going two by two on their own Gay Pride marches, has Bagemihl done them and us a favour by exposing his controversial findings?

His observations surely have much to say on the nature-versus-nurture, genetic-versus-environmental debate on human sexuality.

When a gay orang utan lopes over to his male lover for a bit of the other he is hardly likely to be

so influenced by his peers that he is thinking, "Hey, my mate's doing it, so why don't I?" It is far more probable that he is following his deepest instincts.

If in time we do have irrefutable proof that homosexuality, like blue eyes or manic depression, is genetically determined, I shudder to think what use will be made of Bagemihl's discoveries.

Will genetic engineers use animals to try and alter "the homosexual gene", rather than leaving them and us to follow our animal instincts?

A scary thought indeed. It smacks of racial cleansing, of an intolerance of sexual diversity and a desire to control free sexual expression.

The self-styled US moralist and TV evangelist, the Rev Jerry Falwell, recently demonstrated that Tinky Winky, one of the Teletubby children's characters, with his handbag and his purple dress, was a role model encouraging homosexuality in young children.

It will be interesting to observe whether he and his fellow moralists now turn their wrath on the gay goose or the lesbian llama.

ARCADIA

Happiness is a restored hacienda

Gentrification has come to the Yucatán peninsula. Henry Tricks reports on the estates once founded on sisal fortunes

For years, Mexico's "hippie trail" has wound inexorably toward the quiet south-eastern toe of the country, the Yucatán.

Backpackers from Europe and the US long ago got wind of its squat Maya pyramids rising majestically out of the jungle; its cobbled capital, Mérida; the Maya people, pot-bellies undulating in hammocks in the afternoon sun. The land is immense, flat and sultry - a burial ground of Mexico's Mesoamerican past.

Now, from under the low canopy of forest, heirlooms of Mexico's more recent history are resurfacing. Elderly haciendas, relics of upper class 19th century life, now gracefully restored as hotels, are the domain of the sort of traveller who would not be seen dead in a tie-dyed shirt.

On his visit to Mexico in February, Bill Clinton, the US president, went to one, Hacienda Temozón, for a meeting with Ernesto Zedillo, the head of state.

I followed, sheepishly, in Clinton's footsteps, staying in "The Master's Bedroom" he had used the day before for an afternoon nap. Thankfully, the whiff of lilies blowing in through the window had all but dispelled the presidential aura. Only the bathrobe was off-limits. I had no intention of sharing that intimacy.

Temozón is a striking ochre colour, with dozens of

white arches fronting the gardens. The graceful swimming pool was once, prosaically, an irrigation tank. It is now lined with a white resin from the Chukum tree that the Maya used in their sacred bathing sites. It gives mystic tones to the turquoise water as you bathe.

A walk through the grounds the day after the Clinton visit revealed not a

**'One has original floor tiles, a 7ft-tall wooden fridge, and a railway line running up to the front door'**

hint of the media spectacle; nothing ruffled the surface. For a weekend, its gardens had been trampled by secret service agents with sturdy shoes and wires in their ears. But under a gaping sky, the rhythm of Yucatán life quickly reasserted itself.

There are 320 such haciendas dotted through the peninsula, though only about 30 are so far being restored to their former grandeur. Temozón dates back to 1655, but its zenith occurred in the 19th century when it started to produce henequen, or sisal, the dried extract of a fibrous cactus that fed a global boom in rope, sacks

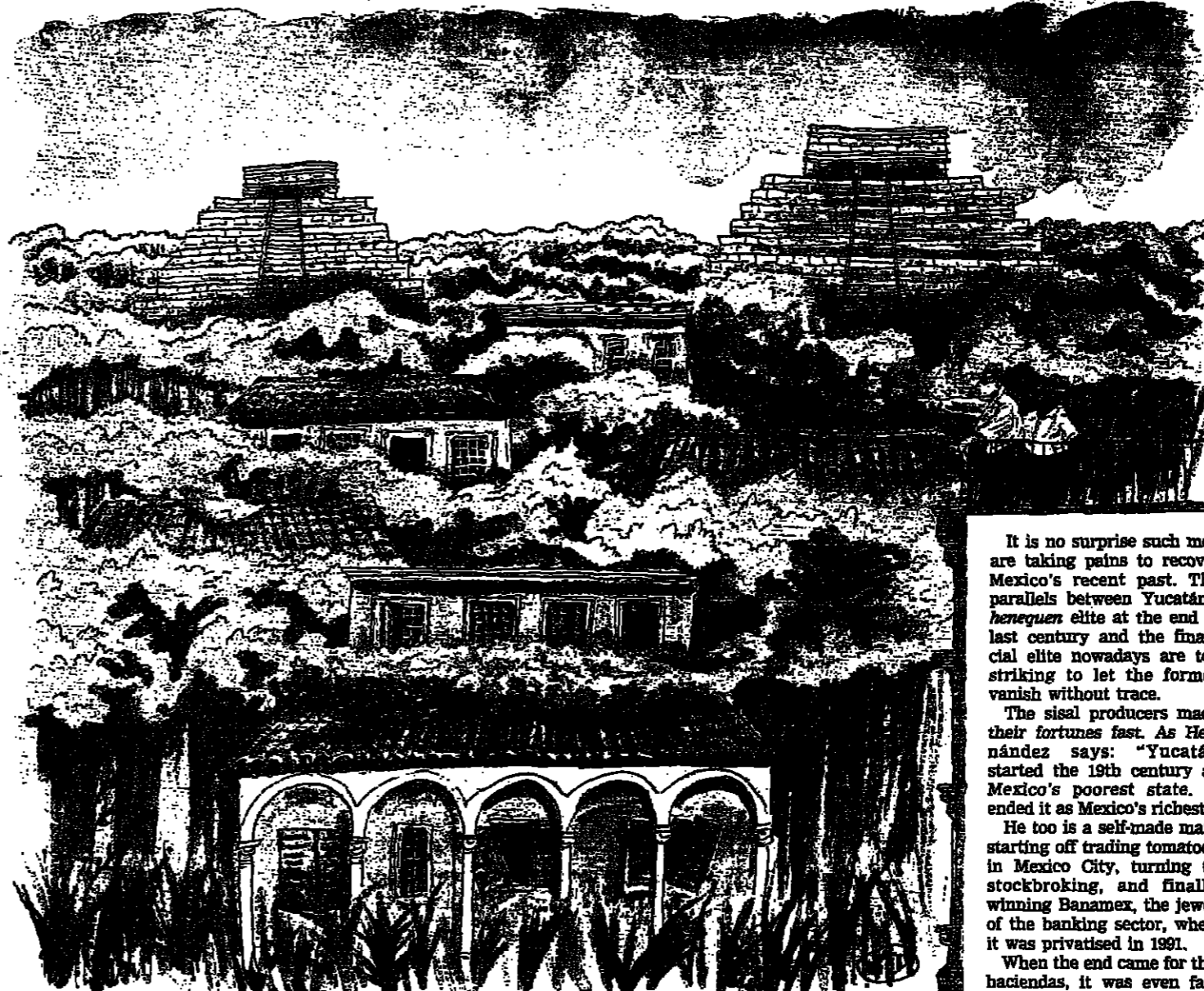
and ballertwine during the first world war.

Unlike English country mansions, which they match in size and splendour, these do not hide the source of their wealth. They proudly face the village square, where half-naked Maya children still draw water from the local well.

The sisal factories - vast iron mousetraps of wheels, cogs and chimneys - stand in the grounds themselves, bearing an industrial elegance that has not yet been eaten away by rust. Even the faint smell of diesel lingers.

Restoring them has become the passion of one of Mexico's most energetic financiers, Roberto Hernández, owner of Banamex, Mexico's largest bank. He has placed Temozón and three other haciendas in the hands of GHM, a Singapore-based company that manages luxurious hideaways. He is sponsoring workshops for local artisans to sell their goods to visitors, and plans to found retirement retreats for wealthy Americans around the hacienda grounds.

But for anyone who has \$1m to spare, and bankers to be "monarch of all he surveys", there are at least 200 haciendas still hidden in the undergrowth, capable of being rescued from the dereliction into which they have reluctantly sunk.



The market is already sizzling. Among Hernández's acquaintances are former members of John Major's cabinet and artists who have set about buying down-at-heeled haciendas.

One, Chunchucmil, has original floor tiles, a 7ft-tall wooden fridge, and a railway line running up to the front door. Its lawn is the village basketball court, and local children swarm through the rafters. Nevertheless, there has been barely any vandalism, and it looks breathtakingly grand as the sun sets over the Gulf coast 10 miles away.

Inspecting vast estates on

horseback, villagers still wear straw hats, white tunics and leather sandals.

"It's pure romance. Among my English friends, it's a dream to have a plantation close to the Caribbean, with the sea just half an hour away, and empty," Hernández says.

Adding spice to the enterprise is Hernández's partner and cousin, Alejandro Patrón, the Indiana Jones of the henequeneras, who spends days tramping through the Yucatán flatlands hunting out abandoned piles of rubble that were once part of his family's estates.

Patrón, a cattle rancher known to everyone as "Vaca" (Cow), is scion of a dynasty that has lorded over the Yucatán for 16 generations, and owned 150 haciendas before land reform and socialism drove them out.

His eccentric ancestors - known locally as "The Divine Caste" - were educated at Eton, and one aunt is legendary for having her staff salute her with cornets when she returned from Spain. Vaca, nevertheless, treats them with a charming irreverence, and says anyone with enough in the bank is welcome to take their place.

His task is to cut through

It is no surprise such men are taking pains to recover Mexico's recent past. The parallels between Yucatán's henequen elite at the end of last century and the financial elite nowadays are too striking to let the former vanish without trace.

The sisal producers made their fortunes fast. As Hernández says: "Yucatán started the 19th century as Mexico's poorest state. It ended it as Mexico's richest."

He too is a self-made man, starting off trading tomatoes in Mexico City, turning to stockbroking, and finally winning Banamex, the jewel of the banking sector, when it was privatised in 1991.

When the end came for the haciendas, it was even faster. A socialist revolution between 1910 and 1917 brought pressure for land reform and the estates were broken up among peasant farmers, rendering them unprofitable. "Just like the Mayas, the owners fled, leaving their things exactly as they were," Hernández says wistfully.

METROPOLIS

Losing those small treasures hurt the most

His cat had not gone mad, his flat had been burgled. A.C. Grayling counts the cost of personal invasion and the stolen goods and memories

It took me a second or two to register the facts. The cat greeted me at the door, which he only does when I've forgotten to put him out. He likes staying in, and hides when he sees me pulling on my coat. If he evades detection in the morning and I'm late home in the evening, he has usually made a puddle somewhere.

This time he seemed to have gone mad; he had pulled out every drawer and opened every cupboard, strewn their contents on the floor.

Realisation struck: I had been burgled. The cat was in because the wretches had left the back door open. Suddenly I could smell the acrid sweat of nervous men, vividly staining the air in the flat. It was so palpable that I was convinced I had disturbed them. I grabbed an umbrella and ran into the garden. A bush rustled in the darkness, so I hit it.

Back in the flat, vexation replacing anger, I counted the cost. The video recorder and my laptop computer were gone. The television set was unplugged from both the electricity and aerial

sockets, so they had considered taking it.

In the second bedroom, among the piles of clothing and papers strewn everywhere, were the cotton-wool lined boxes my partner kept her jewellery in. Everything gold was gone; good silver things were left, as were semi-precious stones and large amber pieces in silver. An old £10 note lay next to them, evidence that the thieves knew the difference.

A constable arrived about 40 minutes after I telephoned. He flashed his torch in the garden and we contemplated the thieves' means of ingress. The extractor fan fitted with the gas appliance was, he said, a gift to villains. It unscrews noiselessly; the resulting aperture comfortably admits the human arm; it is located in the kitchen window, a large old metal-frame case which, once opened, equally comfortably admits a platoon of thieves.

"I see why you thought you were secure," he said meditatively, looking at the high brick wall at the end of the garden. "But the downside is, it makes them very

private when they're about their business. Otherwise your flat is, sorry to tell you, wide open. It's like taking candy from kids, this place."

His comforting view was endorsed by the forensic team which arrived first thing the following morning. They blackened everything with fingerprint dust, and scrutinised my thumb.

**Suddenly I could smell the acrid sweat of nervous men, vividly staining the air in the flat... I was convinced I had disturbed them**

"You've got loops," the woman said, explaining the difference between loops and whorls and other configurations. It seems I have touched everything in my flat in my 15 unbursed years of living there.

My upstairs neighbour has been in our building since the Napoleonic wars. "You have been burgled before," she said, meaning the flat not me, "35 years ago it was. They got in through the French windows."

My partner was in the US,

I had telephoned the night before to tell her what had happened, and she was struck to silence by the loss of the gold things: they were family pieces, old and valuable but, more to the point, sentimentally priceless.

Everyone I told about the burglary had a similar story to tell: thieves steal the

small treasures of one's personal past, wounding memory. I phoned her again to ask what had been in such and such a box, and each drawer, trying to make a "missing list". Our lives had been tipped on to the floor and I was trying to tidy up carefully, noting as I went.

A few days later a letter arrived from the Metropolitan Police, saying they were sorry to learn that we had been burgled, and asking us to detail what we had lost so they could keep a record.

Another letter came the same day from the Crime Prevention Office, also commiserating, and offering help; an officer would call if we wished, to survey the flat and make suggestions. In the envelope was a booklet on crime prevention measures, and advice on safety.

I thought about the constable, the civilian forensic staff, the follow-up letters and pamphlets and offers of help; and was impressed. The people at the Met have been earning themselves a bad press recently, yet here was evidence of the praise-worthy efforts they make even with minor crime and its victims.

They might not always recover your stuff, or immediately catch the thieves, because on both counts the difficulties are enormous. But there is something reassuring about the friendly, efficient way they help you cope with the aftermath.

One of the forensic team told me about some of the horrors they have to deal with, for example at the scene of murders.

"This is very small fry," I

said, looking around my burgled flat. "Burglary is a very personal thing," he replied, "it matters to the victims. We make every effort for their sakes."

I like that attitude.

The constable who called on the night of the burglary told me I should have my new security measures in place within four to six weeks, when the villains (he more colourfully called them "toe-rags") might pay a revisit to see what video recorder and laptop and other replacements I had bought.

I hereby serve notice on them that in addition to the razor wire, window locks and bars, outdoor security lighting, alarm, 34-hour CCTV cameras, three new CCTV cameras, the ex-SAS men with Kalashnikovs, they will find me in the bushes with my umbrella. I have not stopped being annoyed yet, particularly about being made by criminals to live behind bars like a criminal myself.

Also, and not least, the video recorder had a tape in it with a yet unseen episode of ER.

**Jordan Desert Hike**

**A challenging hike from the Dead Sea to Petra**

31 October - 7 November 1999

Are you ready for a challenge? This exciting trek will give you the chance to see places the ordinary tourist will never visit - cross 5,000 year old camel trails, experience desert beauty which no camera could ever fully capture. Just picture yourself hiking 20km a day through canyons, river beds and oases, and visit the ancient ruins of Petra. Sound good?

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